



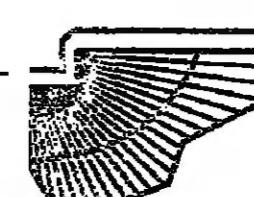
US defence
Arms groups face a slimmer market
Page 11



The welcome weed
Why farmers cut out the chemicals
Page 10



Chunky Monkey
How Ben and Jerry invaded Britain
Page 7



Aston Martin
From cottage industry to the big league
Page 5



D3523A

FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY AUGUST 11 1994

Pensioners back Clinton's reforms for healthcare

The US Senate's debate on healthcare opened with deep divisions over Democratic efforts to help President Bill Clinton fulfil his promise to provide health security for all Americans. The bill sponsored by Senator George Mitchell, the majority leader, received qualified approval from the Congressional Budget Office and full backing from the American Association of Retired Persons, representing 33m Americans which said that if the bill were defeated "healthcare reform will be dead for years to come." Page 12

Procter & Gamble 24% ahead: US consumer products group Procter & Gamble reported a 24 per cent surge in underlying fourth-quarter profits, helped by a 7 per cent rise in sales volume. Page 13

Standard Chartered shrugs off upsets: Standard Chartered, UK-based international bank, insisted that upsets in the Hong Kong securities market and its bullion trading arm Mocatta had not affected profits and were unlikely to be repeated. Page 12

Woman awarded £18,000 for dismissal: Samantha Phillips (left), an aviation insurance broker who claimed she was sacked after spurning the advances of a senior manager, won £18,000 (\$27,900) in damages in her case for sexual discrimination and unfair dismissal. An industrial tribunal in south London awarded her only 75 per cent of full damages for unfair dismissal because it said she "behaved unwise, foolishly and irresponsibly". Page 5

Cost cutting increases GKN profits: Profits at UK automotive components and defence engineering group GKN rose by 82 per cent to £97m (£150m) in the first half of 1994 because of cost-cutting and an upturn in several of GKN's businesses. Page 14; Lex, Page 12

Japanese interest rate cut rules out: Bank of Japan governor Yasuhiro Miano ruled out a rate cut in interest rates, saying the economy still faced risks from a high yen and weak capital spending. Page 3

O&Y creditors in foreclosure move: Creditors of the US arm of failed Canadian property group Olympia & York said they would not pay O&Y \$3.5bn (£2.25bn) under a deal struck in March and would begin foreclosure proceedings to gain ownership of an O&Y building in Manhattan. Page 15

Joint venture to manage Oman gas fields: Oman handed over output of its natural gas fields to Oman Liquefied Natural Gas, a joint venture by the state-owned oil company and a consortium of foreign energy companies. Page 4

Sumitomo to invest in Kazakhstan oil: Sumitomo Corporation, the Japanese trading house, is to invest jointly with German mining company Preussag in oil production in Kazakhstan. Page 4

TNT and Ansett fined for price-fixing: Australian transport company TNT and its related company, Ansett Transport Industries, were fined A\$5m (£3.6m) by the country's competition watchdog for price-fixing and collusion in the air freight business. The companies did not accept guilt or liability. Page 4

Cathay Pacific up 18%: Cathay Pacific Airways, Swire Pacific's Hong Kong-based international airline, reported first-half earnings of HK\$903m (US\$104m), up 18 per cent from the same period last year. The results follow a 23.8 per cent drop in profits in 1993. Page 14

Hoo-govens back in the blacks: A strong turnaround in steel ended Dutch metals group Hoo-govens to swing back into a net profit of Ff163m (£35m) in the first half from a net loss of Ff129m in the same period of 1993. Page 13

Esbab share price rises: Shares in Swedish welding equipment supplier Esbab rose further ahead of the bid price by Charler amid speculation that the UK industrial group would raise its offer. Page 13

Trawlersmen accuse Navy: Cornish fishermen clashed with the UK Ministry of Agriculture when they complained that the Royal Navy was harassing British trawlers fishing for tuna in the Bay of Biscay instead of protecting them from the Spanish. Page 5

M STOCK MARKET INDICES

| | M STERLING | |
|--------------------|------------|----------|
| FTSE 100 | 3167.9 | (-1.8) |
| Yield | 3.37 | |
| FTSE Eurotrack 100 | 1384.35 | (+0.03) |
| Nikkei | 1585.25 | (+0.12) |
| New York | 1585.25 | (+0.12) |
| Dow Jones Ind Av | 3767.74 | (+11.98) |
| S&P Composite | 458.51 | (+1.49) |
| E Index | 79.3 | (7.4) |

M US LUNCHEON RATES

| | M DOLLAR | |
|-------------------|----------|--|
| Federal Funds | 4.1% | |
| 3-mo Tres Bill Yd | 4.522% | |
| Long Bond | 8.44% | |
| Yield | 7.30% | |

M LONDON MONEY

3-mo Interbank 5.1% (Same)
Life long gilt future: Sep 10/23 (Sep 10/23)

M NORTH SEA OIL (Argus)

Brent 15-day (Sep) \$17.53 (17.95)

M Gold

New York Comex (Dec) \$322.50 (320.0)

London \$378.4 (370.0)

Y Tokyo close Y 161.29

Continued on Page 12

Extra cash vital to prevent TB epidemic in Asia

Health group warns that tuberculosis and Aids jointly threaten 12m lives

By Paul Abrahams in Yokohama

Up to 12m lives could be saved in developing countries over the next decade if the industrialised world increased annual spending on its anti-tuberculosis programmes by between \$100m and \$150m, the World Health Organisation said yesterday.

The organisation warned that TB and HIV, the virus that can lead to AIDS, threatened to combine to create a huge epidemic in Asia, dwarfing the one now

sweeping Africa and other parts of the world.

The world's aid agencies spend only \$16m a year on fighting TB, yet it cost as little as \$13 to cure someone of the disease. Dr Arata Kochi, manager of the WHO's tuberculosis programme, told the 10th international conference on AIDS in Yokohama.

Annual TB/HIV deaths in Asia would surpass those in Africa by

the end of the decade, he added.

Over the next 10 years the cost to the Asian economies of the AIDS epidemic alone could reach \$52bn, according to the WHO.

Dr Tadao Shimao, president of the Japan Anti-Tuberculosis Association, said that over the same period TB and AIDS together would kill more people in Asia than the numbers equal to the combined populations of

the cities of Singapore, Beijing, Yokohama and Tokyo.

Dr Kochi said that about a third of the world's population carried the TB bacilli, although most never became ill. However, an HIV-positive person was 30 times more likely to develop TB than a non-infected individual, and was then capable of passing TB to family and friends who were not HIV-positive.

"This raises the frightening prospect that the general population now no longer has nothing to fear from close proximity to HIV-positive people. They are at risk of contracting TB simply by breathing the same air as [HIV-positive] people with TB," Dr Shimao warned.

The WHO estimates that in some parts of Asia, such as Thailand, India and Nepal, 70 per cent

of AIDS patients develop TB.

The median life-expectancy of an HIV-positive TB patient is six months. TB already kills nearly 2m every year in Asia.

The WHO estimates that an additional package of between \$1.5bn and \$2.5bn would be required each year to set up and maintain a basic programme for HIV prevention.

Funding for the WHO's global programme on AIDS has fallen from a peak of \$80m a year to only \$70m in 1993.

Arafat and Rabin agree to step up peace moves

By Julian Ozanne in Jerusalem

Israel and the Palestine Liberation Organisation yesterday agreed on a series of high-level meetings to speed up peace negotiations after a tough and tense summit at the Knesset crossing point into Gaza.

The meetings will address the issue of Palestinian national elections and the extension of Palestinian self rule from Gaza-Jericho to the rest of the West Bank.

The summit between Israeli prime minister Yitzhak Rabin and PLO chairman Yasir Arafat followed recent jousting in which each side accused the other of failing to live up to the pledges of their peace accords.

The PLO said Israel had reneged on promises to release Palestinian prisoners and is delaying the extension of self-rule from Gaza-Jericho across the rest of the Israeli-occupied West Bank.

Mr Arafat was furious when Israel signed an interim peace deal with Jordan and recognised King Hussein's special role as guardian of Islamic sites in future talks over Jerusalem. The PLO claims occupied Arab East Jerusalem as its political capital.

Israel in turn accused the PLO of not containing violence

against Israeli soldiers who remain in Gaza.

Israeli officials said Mr Warren Christopher, US secretary of state, who met Mr Rabin and Mr Arafat during his regional shuttle earlier this week, had been sympathetic to Palestinian frustrations and had encouraged Israel to revive the momentum of peace talks with the PLO.

The tortuous negotiations between Israel and the PLO have been in marked contrast to the smooth and speedy Israeli-Jordanian peace talks. Jordan and Israel continued to make progress in talks yesterday. Israeli radio said the two sides agreed to join promotion of regional tourism and would produce a joint tourist brochure within 10 days. They also agreed to begin connecting their electricity grids next week.

After the summit Mr Rabin said he had expressed concern about Palestinian violence against Israelis and stressed Israel's abiding focus on security. Mr Rabin strongly criticised remarks by Mr Farouk Kadouri, PLO foreign minister, who called on Monday for the

Continued on Page 12

Senate votes cash to curb Jordan debt. Page 4



Yitzhak Rabin and Yasir Arafat (right) seal their first summit in Gaza. The two leaders agreed further talks on Palestinian self-rule Photo: Peter Parker

Fed chief stresses monetary programme cannot be left on 'automatic pilot'

Greenspan warns banks on policy

By George Graham in Washington

Mr Alan Greenspan, chairman of the US Federal Reserve, warned yesterday that central banks could not rely on any single rule or indicator in setting monetary policy.

"What has become increasingly clear is that no simple guide would enable us to put monetary policy on automatic pilot," Mr Greenspan said in a wide-ranging discussion of the difficulties of economic forecasting before the House of Representatives govern-

ment operations committee. When asked whether he put more weight on financial indicators or on statistics in gauging the real economy, Mr Greenspan answered: "All of the above."

The Fed chairman's testimony was closely watched by financial analysts and bond market traders, because it fell in the middle of the Treasury's quarterly refunding operations and less than a week before a meeting of the Federal Open Market Committee, the Fed body which sets monetary policy, which is widely expected to raise short-term

interest rates. But Mr Greenspan's discussion of the shortcomings of the consumer price index and the difficulties of conceptualising output proved too arid for most in the market.

The Fed's approach to monetary policy might be "closer to monetarism", Mr Greenspan said, if its statute set it a single goal, such as price stability.

Instead, the Fed's funding statu-

mentary aggregates the Fed had traditionally used to measure the money supply, had "veered off" in recent years and was no longer a very useful indicator. He hoped that the structural changes in the economy which have caused M2 to swing wildly would end at some point and allow M2 to re-establish itself as a predictor of economic activity.

Brownie Maddox in New York adds: Senior US regulators are considering new requirements on banks to disclose regularly their

Continued on Page 12

Andalucia deals blow to González

By David White in Madrid

The Spanish Socialist party's first ever parliamentary defeat in the southern region of Andalucia threatens to complicate its efforts to maintain the delicate political alliance which keeps it in power at the national level.

The Andalucian government headed by Mr Manuel Chaves has this week lost to the combined opposition forces in a series of motions on regional finances. Most seriously, the parliament has demanded that Mr Chaves withdraw his support from a budgetary system agreed last year, under which regional governments may control 15 per cent of the tax revenue raised in their territories.

The agreement is a cornerstone of the pact between Mr Felipe González's Socialist party in Madrid and the Catalan nationalists on whom they rely to achieve a working majority in the national parliament.

The opposition parties in Andalucia – conservatives, communists and regionalists – say the budgetary pact favours Catalonia as a rich region, at the expense of the principle of national solidarity.

Socialist politicians, however, see the parliamentary vote as a

Dresdner advances 11% to DM1.04bn

By Christopher Parkes

Operating profits at Dresdner, Germany's second-biggest bank group, rose 11 per cent in the first half to DM1.04bn (£860m) in spite of a 2 per cent decline at the parent, Dresdner Bank AG.

Mr Jürgen Sarrasin, chairman, yesterday forecast an above-average rise in earnings for the full year – at least 10 per cent more than in 1992 which was the last "normal" period because record profits in 1993 included extraordinary items of DM240m.

As with the other leading banks which have reported in the past two weeks, Dresdner's own-account trading suffered badly from market turbulence in the review period.

This tendency is consistent with industry's apparent reluctance to invest in the early part of the year.

But since most economic indicators are pointing steeply upwards and domestic orders for capital goods have increased lately, German banks seem likely to benefit from rising demand for loans as the year progresses.

According to Dresdner's own calculations, the west German economy grew good 2 per cent in the first half, while the east recorded a 10 per cent surge. For the year as a whole, it said it expected real pan-German growth of 2.5 per cent growth.

In line with the trend at other

German financial institutions, Dresdner reduced its provision for bad and doubtful debts. Group-wide the total set aside fell just over 1 per cent to DM747.5m.

Provisions at the German parent were down 11.5 per cent at DM431m, reflecting rising domestic optimism over industry's recovery prospects.

However, Mr Sarrasin stressed, no one should conclude that the risk situation had been defused.

As usual, the consequences of the recession would become apparent in the banking sector only after a delay, he added.

Corporate and private demand for credit, particularly long-term loans, improved slightly in the review period, the report said.

This tendency is consistent with industry's apparent reluctance to invest in the early part of the year.

But since most economic indicators are pointing steeply upwards and domestic orders for capital goods have increased lately, German banks seem likely to benefit from rising demand for loans as the year progresses.

According to Dresdner's own

calculations, the west German economy grew good 2 per cent in the first half, while the east recorded a 10 per cent surge. For the year as a whole, it said it expected real pan-German growth of 2.5 per cent growth.

In line with the trend at other

German financial institutions, Dresdner reduced its provision for bad and doubtful debts. Group-wide the total set aside fell just over 1 per cent to DM747.5m.

Provisions at the German parent were down 11.5 per

NEWS: EUROPE

Irish braced for broadsheet broadside

Fears are growing of an invasion by quality UK newspapers, writes Tim Coone in Dublin

The Irish newspaper industry is once again looking apprehensively across the Irish Sea at the broadsheet price war currently taking place in the UK. It is fearful that the British tabloid invasion, which began in the 1980s and which has grabbed a 50 per cent share of the Irish tabloid market, is now about to be repeated by an invasion of upmarket UK daily and Sunday papers.

A small market by UK standards (Ireland's population is 3.5m), there are nonetheless almost one papers sold every week in the Irish Republic, with around 1.3m selling on Sunday alone. The UK papers currently have an overall market share of around 20 per cent.

According to one Irish newspaper editor, "there are enormous economies of scale in the UK industry. They can keep the presses rolling an extra half an hour and dump the extra copies in the Irish market at virtually no extra cost. The effect can be potentially devastating".

However, Mr Liam Igoe, a newspaper industry analyst with Goodbody

stockbrokers in Dublin, believes the main threat is to Ireland's quality Sunday papers rather than the broadsheet dailies, the sector in which the UK price war is currently taking place. "The quality dailies have a strong Irish editorial content, and it will be difficult to compete with these on price alone," he said.

Mr Peter Murtagh, new editor of the Sunday Tribune, and formerly deputy foreign editor of the Guardian in the UK, believes that the strong Irish focus of the quality dailies and Sunday papers will be the key factor in fighting off the competition.

"Nothing will change the fact that the imports are British newspapers editorially controlled from London.

This is a different country with a different perspective and a different agenda. Irish people want to read an

Irish newspaper which reflects their perspective on events. At the same time, we have to be better at what we are doing and make editorial and presentation more attractive," he says.

Neither the Times, Daily Telegraph nor the UK Independent have gained significantly in market share since the outbreak of the broadsheet price war in the UK. Their combined circulation is still well under 10,000, compared with 90,000 for the Irish Times and 143,000 for the Irish Independent.

A spokesman for Independent Newspapers, which publishes the latter, said: "We can't be complacent, but we are not too fearful of the price war spilling over into the Irish market."

Even among Ireland's tabloid papers, the Star (jointly owned by Independent Newspapers) and the

Express Group) has managed to increase its circulation from 85,000 to 89,000 over the past two years, maintaining its share against the Sun and the Mirror which sell a combined 110,000 in Ireland, and despite being 30 per cent more expensive. Around 80 per cent of the Star's content has an Irish focus.

Advertisers have also remained largely loyal to the Irish titles. Mr Steve Shanahan, media director of QMP, a large Dublin advertising agency, said: "There is little evidence of a switch by Irish advertisers to the UK imports." Despite higher advertising costs in the Irish market, it is still more cost effective to reach readers through Irish titles than through the UK imports.

That loyalty could shift, however, if titles such as the Sunday Times,

thought to be selling more than 50,000 now, continue to make inroads into the circulation of the Irish Sundays. Most at threat are the Sunday Tribune (90,000) and the Sunday Business Post (30,000). Ms Barbara Nugent, Sunday Business Post editor who also sits on the board of the National Newspapers of Ireland (NNI), the industry's umbrella body, said: "It is a worry. We are talking about people with much deeper pockets than ourselves and it is vital for our democracy that the Irish newspaper industry survives."

Under pressure from the NNI, the government recently established a working group to investigate the competitiveness of the Irish newspaper industry, and to suggest legislation to protect it from what many Irish editors believe are "predatory pricing" tactics from the UK.

Whether that could square with European Union legislation remains to be seen, but according to Ms Nugent, "we are in a unique situation in Europe. No other country faces the threat we do".

John Riddings sees battle lines forming in a high-profile privatisation struggle

Renault sale sparks mixed union feelings

Mr Robert Hue, general secretary of the French Communist party, yesterday deployed all the symbolism he could muster in his attempt to put the brakes on the privatisation of Renault, star of the country's public sector and erstwhile stronghold of its workers' movement.

Speaking at the now-disused Boulogne Billancourt plant in western Paris, near where the first Renault car was built at the end of last century, he condemned the proposal to sell the motor group.

"At the time when France is celebrating the 50th anniversary of its liberation, the government is undoing the work of De Gaulle," he said, referring to the nationalisation of the car company after the second world war. "We declare our total and resolute opposition to this project and will use all our force to stop it." He warned of job losses and promised a campaign against privatisation after the holidays.

Despite the symbolism, however, it is less clear how much substance lies behind the threat from the Communist party and some of France's trade unions. The influence of both has waned and, for most observers, the proposed privatisation is more likely to stand as a landmark in the government's withdrawal from a dirigiste economic tradition than a victory for union opponents.

"I don't think the unions will prevent privatisation," says Mr Eric Michelin, motor industry analyst at Kilmorow Benson in Paris. "Renault is already managed like a private sector company." However, he believes the matter will need delicate handling.

That message is not lost on Mr Edouard Balladur, the prime minister. Displaying customary caution he has left his options wide open. Wary of the impact of an industrial dispute before next year's presidential election, but tempted by the prospect of a flagship privatisation and the FF20bn (£2.4bn) or so it could bring to a strained public purse, his centre-right government has moved gingerly to prepare for what it calls "an opening of the political group".

Another sale, that of the insurance company Assurance Générale de France, has been lined up and is ready to be launched should the government prefer to privatisate Renault next year. "No decision has been taken. We are following our strategy of having two irons in the fire," says an economics ministry official.

Which of the two companies will be offered first will be determined partly by the success of the government and Renault in ensuring employee support for the sale.

While the Communist-led Confédération Générale du Travail says it is "categorically opposed to abandoning a national industrial asset", other unions at Renault have given a nuanced response. The more moderate Confédération Démocratique du Travail, which has combined with other unions to wrest control from Renault's central union committee from the CGT, says it is not systematically opposed to a partial privatisation.

Force Ouvrière says it wants more details about the impact of privatisation and guarantees that workers' rights at the plant will not be affected by the sale.

The possibility for disruption remains. While the CGT has seen its influence eroded and union membership generally is only about 10 per cent, it remains relatively strong in certain areas of the company. "They are present on the production lines and in the factories," says one industry observer. "So they can cause trouble if they want."

To prevent broader opposition, the government is likely to provide attractive terms to employees to back a privatisation could, however, be too obvious a ploy.

Moldova deal hit by Russian spoilers

Chrystia Freeland on the ethnic factor in Moscow's hopes of TransDnestr withdrawal

Two years after a bitter civil war which at one point threatened to draw in neighbouring Romania and Ukraine, the break-away TransDnestr region of Moldova is in danger again of becoming a lightning rod for the discontent of ethnic Russians transformed into an embittered minority by the collapse of the Soviet Union. But this time the governments of Moldova and Russia, which yesterday appeared to be on the verge of an agreement for the withdrawal of Russian troops, are seeking compromise.

THE FINANCIAL TIMES

Published by The Financial Times (Europ) GmbH, Nibelungenplatz 3, D-6911 Ludwigshafen (Rhein), Germany. Telephone +49 61 136 130. Fax +49 69 5064481. Telex 416193. Represented in Frankfurt by J. Walter Bratt, Wildenstrasse 10, 6000 Frankfurt am Main 1. Col. 1. Col. 2. Col. 3. Col. 4. Col. 5. Col. 6. Col. 7. Col. 8. Col. 9. Col. 10. Col. 11. Col. 12. Col. 13. Col. 14. Col. 15. Col. 16. Col. 17. Col. 18. Col. 19. Col. 20. Col. 21. Col. 22. Col. 23. Col. 24. Col. 25. Col. 26. Col. 27. Col. 28. Col. 29. Col. 30. Col. 31. Col. 32. Col. 33. Col. 34. Col. 35. Col. 36. Col. 37. Col. 38. Col. 39. Col. 40. Col. 41. Col. 42. Col. 43. Col. 44. Col. 45. Col. 46. Col. 47. Col. 48. Col. 49. Col. 50. Col. 51. Col. 52. Col. 53. Col. 54. Col. 55. Col. 56. Col. 57. Col. 58. Col. 59. Col. 60. Col. 61. Col. 62. Col. 63. Col. 64. Col. 65. Col. 66. Col. 67. Col. 68. Col. 69. Col. 70. Col. 71. Col. 72. Col. 73. Col. 74. Col. 75. Col. 76. Col. 77. Col. 78. Col. 79. Col. 80. Col. 81. Col. 82. Col. 83. Col. 84. Col. 85. Col. 86. Col. 87. Col. 88. Col. 89. Col. 90. Col. 91. Col. 92. Col. 93. Col. 94. Col. 95. Col. 96. Col. 97. Col. 98. Col. 99. Col. 100. Col. 101. Col. 102. Col. 103. Col. 104. Col. 105. Col. 106. Col. 107. Col. 108. Col. 109. Col. 110. Col. 111. Col. 112. Col. 113. Col. 114. Col. 115. Col. 116. Col. 117. Col. 118. Col. 119. Col. 120. Col. 121. Col. 122. Col. 123. Col. 124. Col. 125. Col. 126. Col. 127. Col. 128. Col. 129. Col. 130. Col. 131. Col. 132. Col. 133. Col. 134. Col. 135. Col. 136. Col. 137. Col. 138. Col. 139. Col. 140. Col. 141. Col. 142. Col. 143. Col. 144. Col. 145. Col. 146. Col. 147. Col. 148. Col. 149. Col. 150. Col. 151. Col. 152. Col. 153. Col. 154. Col. 155. Col. 156. Col. 157. Col. 158. Col. 159. Col. 160. Col. 161. Col. 162. Col. 163. Col. 164. Col. 165. Col. 166. Col. 167. Col. 168. Col. 169. Col. 170. Col. 171. Col. 172. Col. 173. Col. 174. Col. 175. Col. 176. Col. 177. Col. 178. Col. 179. Col. 180. Col. 181. Col. 182. Col. 183. Col. 184. Col. 185. Col. 186. Col. 187. Col. 188. Col. 189. Col. 190. Col. 191. Col. 192. Col. 193. Col. 194. Col. 195. Col. 196. Col. 197. Col. 198. Col. 199. Col. 200. Col. 201. Col. 202. Col. 203. Col. 204. Col. 205. Col. 206. Col. 207. Col. 208. Col. 209. Col. 210. Col. 211. Col. 212. Col. 213. Col. 214. Col. 215. Col. 216. Col. 217. Col. 218. Col. 219. Col. 220. Col. 221. Col. 222. Col. 223. Col. 224. Col. 225. Col. 226. Col. 227. Col. 228. Col. 229. Col. 230. Col. 231. Col. 232. Col. 233. Col. 234. Col. 235. Col. 236. Col. 237. Col. 238. Col. 239. Col. 240. Col. 241. Col. 242. Col. 243. Col. 244. Col. 245. Col. 246. Col. 247. Col. 248. Col. 249. Col. 250. Col. 251. Col. 252. Col. 253. Col. 254. Col. 255. Col. 256. Col. 257. Col. 258. Col. 259. Col. 260. Col. 261. Col. 262. Col. 263. Col. 264. Col. 265. Col. 266. Col. 267. Col. 268. Col. 269. Col. 270. Col. 271. Col. 272. Col. 273. Col. 274. Col. 275. Col. 276. Col. 277. Col. 278. Col. 279. Col. 280. Col. 281. Col. 282. Col. 283. Col. 284. Col. 285. Col. 286. Col. 287. Col. 288. Col. 289. Col. 290. Col. 291. Col. 292. Col. 293. Col. 294. Col. 295. Col. 296. Col. 297. Col. 298. Col. 299. Col. 300. Col. 301. Col. 302. Col. 303. Col. 304. Col. 305. Col. 306. Col. 307. Col. 308. Col. 309. Col. 310. Col. 311. Col. 312. Col. 313. Col. 314. Col. 315. Col. 316. Col. 317. Col. 318. Col. 319. Col. 320. Col. 321. Col. 322. Col. 323. Col. 324. Col. 325. Col. 326. Col. 327. Col. 328. Col. 329. Col. 330. Col. 331. Col. 332. Col. 333. Col. 334. Col. 335. Col. 336. Col. 337. Col. 338. Col. 339. Col. 340. Col. 341. Col. 342. Col. 343. Col. 344. Col. 345. Col. 346. Col. 347. Col. 348. Col. 349. Col. 350. Col. 351. Col. 352. Col. 353. Col. 354. Col. 355. Col. 356. Col. 357. Col. 358. Col. 359. Col. 360. Col. 361. Col. 362. Col. 363. Col. 364. Col. 365. Col. 366. Col. 367. Col. 368. Col. 369. Col. 370. Col. 371. Col. 372. Col. 373. Col. 374. Col. 375. Col. 376. Col. 377. Col. 378. Col. 379. Col. 380. Col. 381. Col. 382. Col. 383. Col. 384. Col. 385. Col. 386. Col. 387. Col. 388. Col. 389. Col. 390. Col. 391. Col. 392. Col. 393. Col. 394. Col. 395. Col. 396. Col. 397. Col. 398. Col. 399. Col. 400. Col. 401. Col. 402. Col. 403. Col. 404. Col. 405. Col. 406. Col. 407. Col. 408. Col. 409. Col. 410. Col. 411. Col. 412. Col. 413. Col. 414. Col. 415. Col. 416. Col. 417. Col. 418. Col. 419. Col. 420. Col. 421. Col. 422. Col. 423. Col. 424. Col. 425. Col. 426. Col. 427. Col. 428. Col. 429. Col. 430. Col. 431. Col. 432. Col. 433. Col. 434. Col. 435. Col. 436. Col. 437. Col. 438. Col. 439. Col. 440. Col. 441. Col. 442. Col. 443. Col. 444. Col. 445. Col. 446. Col. 447. Col. 448. Col. 449. Col. 450. Col. 451. Col. 452. Col. 453. Col. 454. Col. 455. Col. 456. Col. 457. Col. 458. Col. 459. Col. 460. Col. 461. Col. 462. Col. 463. Col. 464. Col. 465. Col. 466. Col. 467. Col. 468. Col. 469. Col. 470. Col. 471. Col. 472. Col. 473. Col. 474. Col. 475. Col. 476. Col. 477. Col. 478. Col. 479. Col. 480. Col. 481. Col. 482. Col. 483. Col. 484. Col. 485. Col. 486. Col. 487. Col. 488. Col. 489. Col. 490. Col. 491. Col. 492. Col. 493. Col. 494. Col. 495. Col. 496. Col. 497. Col. 498. Col. 499. Col. 500. Col. 501. Col. 502. Col. 503. Col. 504. Col. 505. Col. 506. Col. 507. Col. 508. Col. 509. Col. 510. Col. 511. Col. 512. Col. 513. Col. 514. Col. 515. Col. 516. Col. 517. Col. 518. Col. 519. Col. 520. Col. 521. Col. 522. Col. 523. Col. 524. Col. 525. Col. 526. Col. 527. Col. 528. Col. 529. Col. 530. Col. 531. Col. 532. Col. 533. Col. 534. Col. 535. Col. 536. Col. 537. Col. 538. Col. 539. Col. 540. Col. 541. Col. 542. Col. 543. Col. 544. Col. 545. Col. 546. Col. 547. Col. 548. Col. 549. Col. 550. Col. 551. Col. 552. Col. 553. Col. 554. Col. 555. Col. 556. Col. 557. Col. 558. Col. 559. Col. 560. Col. 561. Col. 562. Col. 563. Col. 564. Col. 565. Col. 566. Col. 567. Col. 568. Col. 569. Col. 570. Col. 571. Col. 572. Col. 573. Col. 574. Col. 575. Col. 576. Col. 577. Col. 578. Col. 579. Col. 580. Col. 581. Col. 582. Col. 583. Col. 584. Col. 585. Col. 586. Col. 587. Col. 588. Col. 589. Col. 590. Col. 591. Col. 592. Col. 593. Col. 594. Col. 595. Col. 596. Col. 597. Col. 598. Col. 599. Col. 600. Col. 601. Col. 602. Col. 603. Col. 604. Col. 605. Col. 606. Col. 607. Col. 608. Col. 609. Col. 610. Col. 611. Col. 612. Col. 613. Col. 614. Col. 615. Col. 616. Col. 617. Col. 618. Col. 619. Col. 620. Col. 621. Col. 622. Col. 623. Col. 624. Col. 625. Col. 626. Col. 627. Col. 628. Col. 629. Col. 630. Col. 631. Col. 632. Col. 633. Col. 634. Col. 635. Col. 636. Col. 637. Col. 638. Col. 639. Col. 640. Col. 641. Col. 642. Col. 643. Col. 644. Col. 645. Col. 646. Col. 647. Col. 648. Col. 649. Col. 650. Col. 651. Col. 652. Col. 653. Col. 654. Col. 655

Japan interest rate reduction ruled out again

By Gerard Baker in Tokyo

Mr Yasushi Mieno, governor of the Bank of Japan, yesterday ruled out a cut in interest rates in the foreseeable future.

"Our judgment on the economic situation remains unchanged in the light of several positive indicators," Mr Mieno said in Tokyo.

He repeated his oft-stated belief that the economy is headed for recovery, though he expressed caution about the pace of the upturn.

The economy has already registered strong growth in the first part of the year, unusually warm summer weather has helped boost consumption in the past few months.

That seasonal benefit would be reflected in faster-than-expected growth for the current quarter, Mr Mieno added, but he warned that when this temporary stimulus had passed, the economy would still be beset by potential risks such as a high yen and weak capital spending.

The governor's remarks appeared to confirm what many analysts have suspected for some time: that the bank sees the present historically low official discount rate of 1.75 per cent as the bottom of the present cycle, and as the economy recovers, the next likely move in rates will be upwards.

The bank has steadfastly resisted pressure at home and abroad to cut interest rates in the wake of the sharp apprecia-

tion of the yen in the past few months, arguing that monetary policy was consistent with the needs of the domestic economy.

Yesterday, Mr Mieno noted with evident satisfaction the recent slight decline in the Japanese currency's value.

But the bank's optimistic assessment of the country's prospects has not been shared by all analysts, including some of the government's own economists.

Last month's quarterly assessment by the bank stated confidently that the Japanese economy was "heading for recovery".

But it came just a week before the publication of a wide-ranging analysis by the government's Economic Planning Agency (EPA) that pointed only to "bright economic spots", and avoided stating unequivocally that recovery was under way.

The EPA's monthly report for August, to be published tomorrow, is expected to be equally cautious.

Some analysts have accused the bank of deliberately adopting a more optimistic tone about recovery prospects specifically to defend its opposition to a cut in borrowing costs.

Mr Mieno rejected such allegations, saying it was "putting the cart before the horse" to suggest that policy dictated economic analysis rather than vice-versa.

Diplomat tells of Saudi dissidents

By Jeremy Kahn in Washington

Mr Mohammed Khilewi, a senior Saudi diplomat trying to defect to the US, said this week he is part of a underground organisation of more than 75 dissidents working toward democracy in Saudi Arabia.

"We have one ministerial official and more than five ambassadors, all well-educated people working with us," the former second-in-command of Saudi Arabia's diplomatic mission to the United Nations said in a telephone interview.

Mr Khilewi said the underground group wanted to topple the Saudi regime, which he has accused of being financially corrupt and guilty of countless human rights violations.

"Human rights is a small goal compared with the democracy," he said. "We are seeking to have a democracy and a civilised society."

In addition to human rights abuses, Mr Khilewi, who fled for political asylum in June, alleges his country gives financial backing to international terrorists - including the radical Muslim group Hamas, which opposes Arab-Israeli peace - and ordered its diplomatic missions to spy on US Jewish groups.

He also said the Saudi government was attempting to acquire nuclear weapons. Mr Khilewi further alleges Saudi officials in the US secretly diverted government funds to their own pockets. He says he has 14,000 documents - some of them classified - in his possession that prove his claims, but few have been released to the media. In a meeting on Capitol Hill two weeks ago, Mr Khilewi briefed an unnamed member of the House of Representatives on the charges he has levelled against the Saudi government.

"Members of Congress have approached us to meet with them in an effort to expose the blatant human rights violations that are occurring in Saudi Arabia," Mr Michael Wildes, Mr Khilewi's attorney, said. "We have been asked to testify before Congress and Mr Khilewi has been asked formally by a member of the House of Representatives to come forward and collaborate with all the information that has been provided thus far."

Mr Khilewi, who has been in hiding since June, is worried he will be refused asylum because the US does not want to damage its close ties to the Saudis, Mr Wildes said.

Mr Wildes said he was contacted on July 22 by special agents from the Federal Bureau of Investigations who said there was an "imminent" threat to kidnap Mr Khilewi and take him back to Saudi Arabia reported by a "credible" FBI source. But the FBI has not offered Mr Khilewi protection, Mr Wildes said.

Fear of labour unrest and exchange controls mean foreigners are still nervous of taking the plunge

S Africa's image problem makes investors wary

By Peter Waldkirch in Johannesburg

When it comes to attracting new foreign investment, South Africa has an image problem.

Potential investors like the rhetoric of the country's new government, which constantly promises fiscal discipline; but they are waiting to see intention translated into action. The retention of exchange controls and daily headlines proclaiming a crisis of industrial unrest have done much to perpetuate the image of South Africa as a high-risk destination for international capital.

This is not entirely fair. However nervous whites may grumble about striking black checkout girls or car workers, the country is not wracked by industrial strife - or at least, not any more than normal for this time of year. July and August are traditionally the "strike season" in South Africa, the period every year when collective bargaining

reaches its peak in the mining, engineering, motors and other industries.

This year's disputes appear to have captured more than their fair share of publicity for two reasons: strikes have provided just about the only news available during the political lull which followed the April 27 elections; and whites have seized on the unrest as a focus

for dissatisfaction with the new government which began to surface once economic realities dispelled the happy glow of the peaceful transition.

But whatever the popular perception, there is no real evidence of a fundamental shift in strike patterns, or a serious upsurge in militant action.

According to Johannesburg labour consultants Andrew Levy and Associates, 233,000 man-days were lost to industrial action in July this year, higher than in the previous two years but less than a third of the figure for 1991 (752,856).

Some rise in strike action may have been inevitable. With the economy finally recovering after four years of recession and real wage cuts, there is substantial pent-up demand for wage rises.

Equality at the ballot box has also fuelled new demands for the narrowing of wage differentials between the (almost entirely white) management and the (almost entirely black)

shop-floor. According to the Cape Town-based Labour Research Service, which has close links to the unions, the average pay of the directors of South Africa's 70 largest public companies is 47 times that of the company's labourers.

A crisis of union leadership may also be exacerbating unrest. The Congress of South African Trade Unions (Cosatu), the largest federation, has lost nearly 100 top unionists to the government and the private sector in recent months, and many who remain lack the authority to push for unpopular settlements. Still, most unionists and employers believe all the big disputes - in engineering, the car industry and mining - will be settled, and that no national general strike is likely. Cosatu had threatened a general strike in the industrial heartland around Johannesburg last Monday, but abandoned the threat after talks with President Nelson Mandela.

That is the good news. South Africa is not a labour battleground (though if disputes drag on into the autumn, this view would have to be revised). But the bad news for investors is that South African labour is expensive in relation to productivity. According to figures compiled by Pretoria's National Productivity Institute, hourly manufacturing wages in South Africa, at \$4.75 in 1988 dollars, rank just below wage rates in Singapore and South Korea (where productivity is far higher) and far above countries such as Malaysia (\$1.80), Thailand (\$0.71) and the Philippines (\$0.58).

With most manufacturing employers likely to agree to above-inflation wage demands this year, South Africa's competitive position could worsen unless steps are taken to improve productivity. In the meantime, the image problem will persist - and foreign investors so desperately needed to create jobs may remain wary.

India's Schweik fights the rich and strong

By Shireen Sidhu in New Delhi

Govind Raghunath Khaire, 52, son of a poor peasant, who rose to become deputy municipal commissioner in the Bombay Municipal Corporation which administers India's richest city, is a national hero.

If the Alliance wins the seat on Saturday, National would be reduced to 49 seats, while Labour would have 45, the Alliance three and NZ First two. Mr Peter Tapsell, the speaker, is drawn from Labour ranks, and has made clear that his primary responsibility would be to maintain the status quo. In the event of a confidence vote, for example, he would support a Bolger government. Mr Anderson has said the Alliance would do likewise.

Whether this would still allow Mr Bolger to plead an "inability to govern" and ask the governor-general to call a general election, is debatable. Asked yesterday about this, Mr Bolger said it was "not currently in my thinking". In any case, such a request might be rebuffed; the governor-general might very well ask Ms Clark, as leader of the biggest opposition party, to try to form a government.

Further clouding matters is New Zealand's decision to move to a proportional representation system. Under this, half the MPs will represent specific constituencies and the remainder will be drawn from party lists. The move was supported by a majority of voters last November, but the administrative changes will not be completed until next year.

An election under the new system would benefit minor parties such as the Alliance and, given the wafer-thin majorities at present, most pundits believe that the country would go the polls under the new system in 1995.

It is not the first time someone has sought to establish a nexus between the underworld, Bombay's tinsel world and politicians. But no bureaucrat has gone as far as Mr Khaire, openly attacking someone as powerful as the chief minister. The common man identifies completely with him.

Mr Khaire is not everybody's saint. Many powerful bureaucrats have felt that he has gone too far, especially when he has no proof to back his allegations. "My only job is to shout at the top of my voice, whatever I have experienced," he says, adding that it was "not his intention to collect proof against any individual".

Mr Khaire may not have been able to substantiate his charges against Mr Pawar, but whether they are true or not, they have stuck. The chief minister was exercised enough to meet the prime minister to discuss the matter with him. Opposition parties and the anti-Pawar lobby in the Congress(I) party that have tried to use Mr Khaire to fling dirt at their opponents have not succeeded. He has no political links, hardly any money, and is not afraid if his life is in danger.

After his suspension from service in July, Mr Khaire spends much of his time addressing public gatherings, responding to invitations to travel to cities towns and villages all over India, addressing frenzied crowds of supporters. At his meetings, men break the security cordon (the government had given him an armed escort and top-level security) just to be able to touch him. Women want him to bless their babies. India's most prominent social reformers have joined him in his crusade. His snowballing anti-corruption campaign is developing into a national phenomenon, even if nothing tangible has come of it yet.

US-N Korean talks to go on

The US and North Korea decided yesterday to continue talks on Pyongyang's nuclear programme at expert level, Francis Williams reports from Geneva. The full delegations meet again today or tomorrow. The experts are discussing what to do about the spent fuel rods decaying at the Yongbyon nuclear complex, and North Korea's offer to freeze its graphite-moderated reactor programme in return for light water reactor technology.

Filipinos wrestle with message of birth control

The church is countering a government campaign with demonstrations, writes Victor Mallet

Dr Juan Flavie, the Philippines' health secretary, has long been worried by runaway population growth in the Philippines, where four-fifths of the inhabitants are Roman Catholics forbidden by doctrine to use artificial methods of birth control.

His campaign is to be challenged on Sunday with a big demonstration, called by Cardinal Jaime Sin, Archbishop of Manila, to express opposition to artificial contraception and abortion. The Cardinal's supporters say that in people are expected to take part and that the protesters will burn condoms and literature promoting safe sex.

Dr Flavie has said people are welcome to listen to what the church has to say at the demonstration.

But he believes that unrestricted population growth damages the health and wealth of parents and their numerous children (an estimated 60,000 mothers and babies die each year from problems encountered during pregnancy and

childbirth) and depleted the country's already stretched natural resources.

The Philippines' population of 58m is growing by about 2.5 per cent a year, one of the highest rates in Asia. Families with eight or more children are not uncommon.

Palawan, one of the few islands in the archipelago where the forest has not been destroyed, is being invaded by thousands of migrants from other islands searching for farmland.

"Our mountains are denuded, devastated," Dr Flavie said in an interview. "We have erosion. Our rivers are getting polluted, our seas are getting polluted, our seas are getting polluted and now our watersheds are being damaged."

Dr Flavie has said people are welcome to listen to what the church has to say at the demonstration.

Commenting on his television comedy appearances, he adds: "People find it funny and so human that now they identify with our health programmes."

Dr Flavie is popular with the local press and with Filipinos in general, partly because they love show business and partly because he has no background in the corrupt world of what Filipinos call "traditional politics".

For 31 years - until he was appointed by Mr Fidel Ramos two years ago - he worked as a doctor and promoted rural development programmes.

His work in the countryside, where two-thirds of the people live, convinced him that most Filipinos - including, discreetly, many Roman Catholic priests - supported artificial methods of birth control, a view endorsed by recent opinion surveys.

Dr Flavie also discovered how to teach family planning to farmers with what he calls an "agricultural analogy approach". The spacing of children is likened to the spacing of rice plants that allows each plant to grow.

Acronyms and slogans are popular in the Philippines and Dr Flavie is adept at using them. The best-known is probably the ABC of safe sex. A is for Abstinence; if that does not work, then B is for Be faithful; if fidelity fails as well then C is for Condom.

With little government money at his disposal, Dr Flavie has turned without hesitation to big businesses to finance some of his projects. Soap companies sponsor hygiene campaigns, and Dr Flavie himself has appeared in a fast food chain's television advertisement that managed to publicise immunisation and hamburgers at the same time.

But only the bravest of corporations would risk the wrath of the church in the Philippines by advertising contraceptives, and much of this family planning work is funded by foreign donors.

The church has been quiet on the topic of contraception in recent months, but Dr Flavie and his allies know that next month's United Nations population conference in Cairo and the Pope's visit to the Philippines next January will be used as a rallying point by

"I've won the media battle," he says. "I will go and work in the field, and stay away from controversy in the upper crust of society because it's very divisive. At the top we're getting this flask, but below I'm not. Down there in the countryside I have no problem with priests; I have no problem with nuns."

"I will go and work in the field, and stay away from controversy in the upper crust of society because it's very divisive. At the top we're getting this flask, but below I'm not. Down there in the countryside I have no problem with priests; I have no problem with nuns."

Bangladeshi author flees to Sweden in fear for her life

By Stefan Wagstyl in New Delhi

Ms Taslima Nasreen, the controversial Bangladeshi feminist writer subjected to death threats by Muslim fundamentalists, has fled Bangladesh out of fear for her life.

Ms Nasreen arrived in Sweden yesterday after leaving Bangladesh secretly on Tuesday. Her departure could harm Bangladesh's international

reputation by highlighting the fundamentalists' power to inflame popular passions and incite violence.

It could also embroil the government of Mrs Khaleda Zia, the prime minister, in a dangerous row with fundamentalist groups because government officials appear to have helped arrange Ms Nasreen's departure.

Ms Nasreen, 33, a divorced former doctor, urged women

to fight for economic, social and sexual equality with men. In one poem, she described men as cockroaches, wasps and poisonous ants.

While these views angered Bangladesh's Muslim clergy, they only became widely known last year after Ms Nasreen published *Lajja* (*Shame*), a novel about the plight of Bangladesh's Hindu minority who suffer discrimination from Muslims. The Bangla-

deshi government banned the book, but it became a best-seller in India.

The final straw for the fundamentalists was the publication of an interview in May in the Indian newspaper *The Statesman* in which Ms Nasreen was quoted as calling for revision of the Koran. Ms Nasreen said she was misquoted, but radical clerics called for her public execution.

On June 4 the authorities

ordered Ms Nasreen's arrest on blasphemy-related charges. Thousands of fundamentalists demonstrated almost daily demanding her punishment. Secular student groups arranged counter-demonstrations. Ms Nasreen went into hiding and surrendered to the courts only last week. For her own protection, she was placed under heavy police guard at her home in Dhaka. Her departure leaves Ban-



Taslima Nasreen: men are ants

NEWS: THE AMERICAS

Menem wants Iran envoy expelled

By John Barham
in Buenos Aires

Argentine President Carlos Menem said yesterday that Iran's ambassador to Buenos Aires should be expelled, after a judge had issued arrest warrants for four absent Iranian diplomats over anti-Jewish bomb attacks. However, the final decision lay with the foreign ministry, he said on radio.

Judge Juan José Galeano, on Tuesday night, accused seven Iranians – four former and three current diplomats at Iran's embassy in Buenos Aires – of having participated in the bombing last month of a Jewish community centre and a 1992 attack on the Israeli embassy in Argentina.

The judge also charged three Argentines who are claimed to have unwittingly reconditioned and sold the van used in the bombing. He accused them of having used stolen car parts. One of the charged, Mr Ariel Nitzaner, is Jewish and a member of the bombed community centre. He claims police tortured him to extract information.

Judge Galeano sent a preliminary report to the Supreme Court on Tuesday asking that it demand the three current diplomats have their immunity from prosecution waived.

Iran's foreign ministry yesterday protested over the arrest warrants to Argentina's

chargé d'affaires in Tehran, saying the ministry "categorically rejects these baseless and discredited allegations".

Argentina could take diplomatic action against Tehran if officials refused to co-operate with the investigation, said Mr Guido di Tella, foreign minister. The government would first request that the suspects "appear as witnesses, abandon their immunity, and only then, if they refuse, would we take measures". Possible action includes declaring the diplomats *persona non grata* and ordering a reduction in the number of the embassy staff.

Officials said cutting diplomatic relations with Iran would only be appropriate if investigators established Tehran's direct responsibility for the bombing.

However, a European diplomat said: "Argentina is right that there may well be Iranian involvement but whether they have enough to prove a case in court is another question." He doubted whether Judge Galeano's findings, based largely on information from an Iranian dissident seeking asylum in Venezuela, was entirely reliable.

Whatever the outcome of the findings, he said Argentina must improve its security and intelligence services, and tighten surveillance of Iranian and Moslem organisations in Argentina.

Shake-up at the top for Democrats

By Jurek Martin
in Washington

The Clinton White House, increasingly anxious about the prospect of losses in November congressional mid-term elections, has moved to shake up the top of the national Democratic party.

Mr David Wilhelm will step down as party chairman in November and, meanwhile, he will take a back seat to Mr Tony Coelho, a former rising star in Congress from California, who will serve as a party special adviser.

The decision, finalised at a meeting of Mr Wilhelm and President Bill Clinton on Tuesday, is very much the work of Mr Leon Panetta, now beginning to exert effective control as new White House chief of staff.

In another move, Mr Panetta, also a former congressman from California, was thought likely to recommend that Judge Abner Mikva of the federal appeals court in Washington succeed Mr Lloyd Cutler as White House legal counsel, when the latter's temporary secondment ends, probably next month.

Judge Mikva was a veteran congressman from Illinois before being appointed to the bench by President Jimmy Carter in 1979 and, like Mr Coelho, served on Capitol Hill with Mr Panetta.

Both moves represent the further assertion of the professional Democratic politician over those such as Mr Wilhelm, heavily involved in Mr Clinton's 1992 presidential campaign.

Mr Wilhelm, who is 37, has presided over losses by the Democrats in state-wide and other elections since Mr Clinton was elected. The prognosis for November is not good, with Republicans expecting to 25 seats or more in the House and hoping to win control of the Senate.

By 1998, Mr Coelho, now 51, was already a House Democratic whip and seemed on track to be Speaker of the House. But he was forced to resign his seat to stave off an ethics investigation of his personal financial dealings. This arose from reports that he had borrowed money from a now defunct Californian savings bank owned by a friend to purchase \$100,000 (£55,000) in junk bonds from Mr Michael Milken of Drexel Burnham Lambert. This year, the Justice Department ended its investigation of the junk bond deal without further action.

Mr Coelho is now president of Wertheim, Schroder, the Wall Street investment bank. The foreign aid bill also includes \$50m for emergency assistance to Rwandan refugees. Another \$170m of Rwandan aid is to be included in a defence spending bill, and congressional leaders have promised to consider an additional \$100m requested by Mr Clinton later this year.

Another measure ends the formal ban on US aid to Vietnam. Although no money is set aside for Vietnam, the step could allow the US Export-Import Bank to provide credits for US businesses there.



A Zapatista guard speaks at the Chiapas convention - AP Wire Photo

Mexicans 'will protest' if election fraudulent

Mexico's rebel-organised

"democratic convention" in the jungle ended with delegates promising massive civil disobedience and protests if there is fraud in the presidential election on August 21 but rejecting an armed uprising, writes Damian Fraser in Mexico City.

The convention, which ended on Tuesday, was hosted by the Zapatista Army of National Liberation in the Lacandon jungle of the southern state of Chiapas. Some 5,000 delegates from radical and leftist political organisations throughout Mexico participated.

Sub-Commandante Marcos, the rebel spokesman, told delegates that the Zapatistas would not be the first to take up arms. They launched a rebellion in Chiapas in January and

still control jungle areas.

The delegates left the jungle pledging to organise meetings and protests in favour of a free vote on August 21. They said they would participate in the elections, and vote against the ruling Institutional Revolutionary Party. Most are expected to vote for Mr Cuauhtémoc Cárdenas, presidential candidate of the main leftist opposition.

Mr Ernesto Zedillo of the ruling PRI holds a commanding lead over his nearest rivals, according to a well-regarded national opinion poll. His support stood at 46 per cent, against 19 per cent for Mr Diego Fernández de Cevallos of the centre-right opposition, and 9 per cent for Mr Cárdenas, with 18 per cent undecided.

Total deposits at these three banks were \$1.7bn (£1.05bn) at the end of June, or about 20 per cent of all commercial bank deposits, excluding those in which the government

has already intervened. Other banks in the current crisis are smaller institutions such as Banco Republica, and Banco Italo-Venezolano, which a group of Venezuelan investors bought from the government in 1991. Even the new slimmed-down strategy does not come cheap. The government took control of Banco de Venezuela on Monday, appointing its own president and providing about \$200m to recapitalise the bank. The bank, now 104 years old, was previously one of the country's most solid and prestigious financial institutions. In mid-1983 it was taken over by a group headed by Mr José Alvarez Stelling, who also controls Banco Consolidado.

The group included Mr Orlando Castro, a Cuban-born Venezuelan whose Latinamerican group of banking and insurance companies includes Banco Progreso. The government is providing a

total of \$422m for Banco Consolidado and Banco Progreso. In return for what the government hopes will be temporary support to these two banks, the owners or major stockholders have pledged some of their personal assets as guarantees.

Instead of providing massive aid to the latest batch of troubled banks, or simply closing them down as it did to others earlier this year, the administration of President Rafael Caldera decided this week to apply a selective programme of assistance and pressure.

The current crop of troubled banks is made up of eight institutions suffering from varying problems, including three of the country's most important commercial banks: Banco de Venezuela from the bail-out programme earlier this year.

The administration is demanding that banks receiving assistance take several measures, including the sale of domestic and foreign assets, mergers (in the case of Progreso and Republica), and cost reductions.

The administration wants to avoid the impression, at all costs, that it is "giving away" money to wealthy bankers, an image retained by many Venezuelans from the bail-out programme earlier this year.

In the case of some of the smaller banks, the major shareholders have agreed to raise their capital bases on their own, and can thus avoid direct government control.

In contrast to the earlier two crises, the eight banks remain open and, so far, depositors have not panicked.

Venezuela has 50 commercial banks, including nine that were taken over earlier this year, and the eight receiving government attention this week.

In the past, owners of many Venezuelan banks were able to operate in an environment where government supervision was ineffective, thus allowing abuses to accumulate.

Poor management, excessively rapid growth in an inflationary environment, huge unsupervised operations offshore and policies such as failing to write off bad loans and making large loans to shareholders and associated companies rank among the key elements.

This was exacerbated by an economic recession that began last year and is deepening. This put heavy pressure on weak loan portfolios.

However, some businessmen and bankers believe that there are other weak financial institutions in the system and that the only way to solve the problem once and for all is to close the doors of troubled banks and liquidate them.

Senate votes cash to cut Jordan debt

By George Graham
in Washington

The US Congress yesterday tossed its contribution into the Middle East peace pot when the Senate voted to set aside money for reducing Jordan's debt.

In voting for final passage of a \$13.8bn (£9bn) foreign aid bill, which now goes to President Bill Clinton for signature, the Senate agreed to set aside money for reducing Jordan's debt burden.

Mr Clinton promised King Hussein of Jordan relief on \$700m of debt, and the Senate vote yesterday will allow him to achieve nearly a third of that.

Peace in the Middle East has always been a central theme in justifying the US aid budget to a reluctant Congress. The debt relief for Jordan, however, has

a direct link to the country's decision to end four decades of hostility, while the lion's share of the US aid budget still goes as military assistance to Egypt and Israel.

All told, Israel is allocated \$3bn and Egypt \$2.1bn, together nearly 40 per cent of the total US aid budget.

The foreign aid bill also includes \$50m for emergency assistance to Rwandan refugees. Another \$170m of Rwandan aid is to be included in a defence spending bill, and congressional leaders have promised to consider an additional \$100m requested by Mr Clinton later this year.

Another measure ends the formal ban on US aid to Vietnam. Although no money is set aside for Vietnam, the step could allow the US Export-Import Bank to provide credits for US businesses there.

Cubans face questioning in US over hijacking

Twenty-four Cubans accused of hijacking a Cuban government boat were brought to a Florida resort city by the US Coast Guard yesterday to face questioning about its voyage, AP reports from Key West.

The group, which included young men wearing shorts and at least two small children, walked off the Coast Guard cutter early in the afternoon having been detained at sea since they were picked up on Tuesday afternoon.

The Cuban government claimed a naval lieutenant was killed in the boat hijacking on Monday night. But a US Coast Guard official said the refugees insisted no one was killed and that the passenger victim was among those who arrived in Key West.

Doubt was cast on the initial Cuban government claim that a death was caused by the boat hijacking when Mr Alfonso Fraga, head of the Cuban diplomatic mission in Washington, declined to repeat it yesterday at a news conference.

Asked repeatedly about the incident, Mr Fraga said he had received no instructions about it from Havana.

The boat hijacking on Monday was the fourth in three weeks, Cuban officials said.

Cubans on hijack-related charges since 1980, when three Cubans who seized a fishing vessel at a knifepoint were acquitted of kidnaping.

Cubans who have forcibly overpowered crews of boats or aircraft – usually government-owned – are routinely released in south Florida.

Some Cuban exile leaders are speculating that the US government may be cracking down on hijackers because of President Fidel Castro's recent threat to allow unlimited emigration from Cuba to the US, as he did for some 120,000 people in 1960.

NEWS: WORLD TRADE

Oman hands big gas field to joint venture

By David Lascelles,
Resources Editor

Oman yesterday signed an agreement dedicating output of its natural gas fields to Oman Liquefied Natural Gas (OLNG), the joint venture by the state-owned oil company and a consortium of foreign energy companies.

The government of the Gulf state said that the deal represented a milestone in the development of its proposed \$3bn liquefied natural gas plan, which is one of the biggest energy projects of the region.

Petroleum Development Oman (PDO), the state-owned oil company, said the agreement "demonstrates the resolve of the government of Oman and its private oil industry partners to progress the project with due speed, and

bring the LNG to market as quickly as possible."

The deal, covering 7,000bn cubic feet of proven and recoverable gas reserves, is with Oman Liquefied Natural Gas (OLNG), a company established this year by royal decree and 51 per cent owned by the Oman government. Other partners are Shell (34 per cent), Total (6 per cent), Mitsubishi and Mitsui (3 per cent each), Partex (2 per cent) and Itochu (1 per cent).

The gas fields are owned by the government and operated by PDO.

The LNG plant is to start in the year 2000 with annual output of 5.2m tonnes. Preliminary work will start this year, and pre-qualified contractors will be bidding to build the downstream facilities in the middle of next year, so as to let

Sumitomo to invest in Kazakh oil

Sumitomo Corporation, the Japanese trading house, is to invest jointly with Preussag, the German mining company, in oil production in Kazakhstan, writes Gerard Baker in Tokyo. They will take a 50 per cent stake, the maximum allowable, in a company jointly established by Yuzhno-Kazneftegaz, Kazakhstan's state-owned oil company, and an undisclosed Canadian company.

Production of 25,000 barrels per day is expected from next spring.

There have been souffles. A group of senior British industrialists is due to meet Sir Patrick Mayhew, Britain's Northern Ireland secretary, today to try to persuade the British government to withdraw its support for a £157m (£242m) textile plant near Belfast which the industrialists say will lead to further job losses.

But by and large the sector's contraction has been accompanied by little politicking.

Restructuring has brought a slicker, leaner industry, which now faces the phasing out of protective quotas under the Multi-Fibre Arrangement with expectations of a gradual and partial decline, rather than an abrupt end.

A more severe future was possible. Even with the MFA in place, the industry has been confronted by its inability to compete on cost with producers in low-cost countries, particularly in Asia.

Textile and clothing production has traditionally been labour intensive. European labour is expensive labour. And it is labour costs that have been the main cause of the European industry's loss of competitiveness, concludes a recent study for the European Commission.

A very faint ripping sound

Jenny Luesby on restructuring in the European textiles industry

If the textile and clothing industry were not dominated by small companies, a restructuring which has seen account for 30 per cent of manufacturing job losses in the European Union since 1986 might have caused more of a stir.

Instead, with relative quietness, productivity has risen by 25 per cent in the clothing industry and 17 per cent in textiles – against a manufacturing average of 10 per cent. Production has been cut, and 500,000 jobs have been shed.

There have been souffles. A group of senior British industrialists is due to meet Sir Patrick Mayhew, Britain's Northern Ireland secretary, today to try to persuade the British government to withdraw its support for a £157m (£242m) textile plant near Belfast which the industrialists say will lead to further job losses.

But by and large the sector's contraction has been accompanied by little politicking.

Restructuring has brought a slicker, leaner industry, which now faces the phasing out of protective quotas under the Multi-Fibre Arrangement with expectations of a gradual and partial decline, rather than an abrupt end.

A more severe future was possible. Even with the MFA in place, the industry has been confronted by its inability to compete on cost with producers in low-cost countries, particularly in Asia.

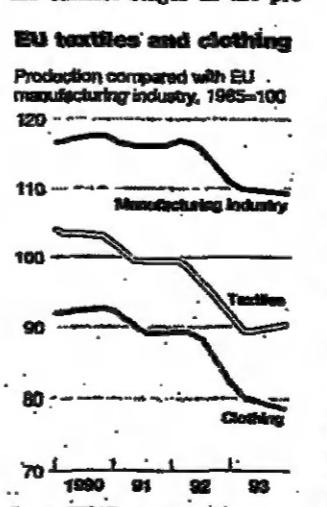
Textile and clothing production has traditionally been labour intensive. European labour is expensive labour. And it is labour costs that have been the main cause of the European industry's loss of competitiveness, concludes a recent study for the European Commission.

As a result, clothing and textile imports into the EU have risen sharply. Excluding imports arising from subcontracting by European producers outside the EU, clothing imports into the EU rose by 50 per cent between 1986 and 1993.

Within textiles, it has been the earliest stages in the production of

EU textiles and clothing

Production compared with EU manufacturing industry, 1986-1993



clothing manufacturers through imports. Moreover, the entire industry has suffered the effects of the European recession. The EU is still the largest market in the world for clothing, and, with more than 50 per cent of textile output sold to clothing producers, the fortunes of textiles and clothing producers are inextricably linked.

Upwards of another 20 per cent of textile output goes to producers of home furnishings and carpets, and a further 20 per cent to industry, much of it to cars and construction.

However, although recovery

NEWS: UK

Fishermen accuse Royal Navy in Biscay tuna row

By Deborah Hargreaves

Cornish fishermen clashed with the Ministry of Agriculture yesterday when they complained that the Royal Navy was harassing British trawlers fishing for tuna in the Bay of Biscay instead of protecting them from the Spanish.

The clash came as agriculture ministry officials said they were still considering whether to take legal action against the Charisma, a Cor-

nish trawler, which was found to have exceeded European Union rules on the length of its drift net at the weekend.

Fisheries protection vessels from the Navy last week confiscated the Charisma's nets and issued a caution to another boat, the Alice Louise, alleged to have exceeded the legal length of 2.5km.

The Charisma's nets were found to have exceeded the limit by 160 metres. Fishermen's representatives

claimed this was within a 5 to 10 per cent allowance for stretching to occur at sea. However, a ministry official said yesterday this was a "fallacy." He said legal action which could result in a fine is still under consideration.

The Alice Louise yesterday set sail for the Bay of Biscay again.

An official from the ministry of agriculture said the Alice Louise's nets had been measured at sea by inspectors from the European Com-

mission, but had appeared to be within the legal limit. When they were measured again by British inspectors they were found to be over the limit and the skipper was cautioned.

Yesterday the French Navy ordered a French vessel back to the port of Brest for allegedly using illegal nets. Spanish fishermen had complained to EU inspectors that three French boats were exceeding the net limits.

Last week angry Spanish fishermen slashed the nets of British vessels which they believed were fishing illegally.

Mr Paul Tyler, MP for Cornwall North said: "The suspicion among Cornish fishermen, and rightly so I believe, is that the ministry of agriculture is not operating on our behalf, but appears to be acting as the watchdogs of the Spanish government. It really does seem as if the Navy are under instruction to watch

our fishing fleet like hawks and yet turn a blind eye to what the Spanish were up to last week," he told BBC Radio news.

But Lieutenant Commander Andrew Edney, speaking from HMS Anglesey, said the Fishery Protection Squadron's two main tasks were to protect British fishermen and to protect fish stocks through enforcement of international legislation.

"This is being done in exactly the same way as in UK waters," he said.

Growth reported in all regions

By Philip Coggan

Manufacturers in all regions of the UK are enjoying growth, according to a survey released yesterday by the Confederation of British Industry and Business Strategies.

For the first time since the survey began in July 1988, all 11 regions reported increases in business optimism, orders and output. The report is compiled from the CBI's national quarterly industrial trends survey, released last month.

Aston Martin

is planning to

sell around 35 per cent of the output of the DB7 in North America from 12 at present to around 30.

Aston Martin

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

An important part of the

expansion of Aston Martin will

be the development of its

worldwide dealer network

which is planned to grow from

42 at the beginning of 1991 to

more than 100 by the end of

1993.

A large part of the current

Aston Martin senior manage-

ment has come directly from

Ford, most recently Mr Old-

field, previously Ford's top

engineer in Europe.

The board has been revitalised and now includes Mr Jackie Stewart, the former Formula 1 world champion who has worked on developing the ride and handling of the DB7,

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

Aston Martin

is planning to

sell around 35 per cent of the

output of the DB7 in North

America from 12 at present to

around 30.

Aston Martin

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

An important part of the

expansion of Aston Martin will

be the development of its

worldwide dealer network

which is planned to grow from

42 at the beginning of 1991 to

more than 100 by the end of

1993.

A large part of the current

Aston Martin senior manage-

ment has come directly from

Ford, most recently Mr Old-

field, previously Ford's top

engineer in Europe.

The board has been revitalised

and now includes Mr Jackie Stewart, the former Formula 1 world champion who has worked on developing the ride and handling of the DB7,

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

Aston Martin

is planning to

sell around 35 per cent of the

output of the DB7 in North

America from 12 at present to

around 30.

Aston Martin

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

An important part of the

expansion of Aston Martin will

be the development of its

worldwide dealer network

which is planned to grow from

42 at the beginning of 1991 to

more than 100 by the end of

1993.

A large part of the current

Aston Martin senior manage-

ment has come directly from

Ford, most recently Mr Old-

field, previously Ford's top

engineer in Europe.

The board has been revitalised

and now includes Mr Jackie Stewart, the former Formula 1 world champion who has worked on developing the ride and handling of the DB7,

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

Aston Martin

is planning to

sell around 35 per cent of the

output of the DB7 in North

America from 12 at present to

around 30.

Aston Martin

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

An important part of the

expansion of Aston Martin will

be the development of its

worldwide dealer network

which is planned to grow from

42 at the beginning of 1991 to

more than 100 by the end of

1993.

A large part of the current

Aston Martin senior manage-

ment has come directly from

Ford, most recently Mr Old-

field, previously Ford's top

engineer in Europe.

The board has been revitalised

and now includes Mr Jackie Stewart, the former Formula 1 world champion who has worked on developing the ride and handling of the DB7,

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

Aston Martin

is planning to

sell around 35 per cent of the

output of the DB7 in North

America from 12 at present to

around 30.

Aston Martin

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

An important part of the

expansion of Aston Martin will

be the development of its

worldwide dealer network

which is planned to grow from

42 at the beginning of 1991 to

more than 100 by the end of

1993.

A large part of the current

Aston Martin senior manage-

ment has come directly from

Ford, most recently Mr Old-

field, previously Ford's top

engineer in Europe.

The board has been revitalised

and now includes Mr Jackie Stewart, the former Formula 1 world champion who has worked on developing the ride and handling of the DB7,

and Mr Nick Scheele, chairman

and chief executive of Jaguar,

from which various parts are

being drawn.

Aston Martin

is planning to

sell around 35 per cent of the

output of the DB7 in North

America from 12 at present to

around 30.

Aston Martin



British Excellence and Quality AN OCCASIONAL SERIES

Chewton Glen

The only privately owned 5 red star hotel in Britain.

Visitors often call Chewton Glen their 'Country Ritz' - which sums it up nicely. Winner of every imaginable accolade, this legendary hotel is the perfect place for a relaxing holiday, a healthy break, or a base from which to explore southern England - The New Forest, Stonehenge, Salisbury and Winchester Cathedrals, Exbury Gardens, and much more. And with possibly the best appointed meeting room in the country, it is easy to combine business with pleasure.

For those who do not wish to budge from the comforts and genial surroundings of the hotel, the Health Club with its magnificent indoor pool, and numerous health and beauty treatments, offers the last word in pampering and relaxation; the 9 hole par 3 golf course and indoor tennis courts provide energetic alternatives.

Chewton Glen's internationally acclaimed restaurant is the jewel in the crown. Pierre Chevillard's dishes delight the palates of countless gourmets and his reputation for exciting and creative cuisine is well deserved. The wine cellar and wine list were recently voted Best in Europe by the Association of French Food and Wine journalists.

Seeing is believing, and words alone cannot do justice to all that is Chewton Glen. A visit to this unique and beautiful hotel is a rich experience.

The Committee, which was established in 1992, aims to focus attention on British excellence, style, craftsmanship, innovation and service. These are qualities which all its members share and for which British products and services are renowned around the world.

For further information, please contact:

The Director, The Walpole Committee, 40 Charles Street, London W1X 7PB, England. Tel: +44 71 495 3219 Fax: +44 71 495 3220

TECHNOLOGY

You can never be too rich or too thin, the saying goes. And in the computer world you can never have too much computer power or memory - which forces microprocessor manufacturers into an increasingly expensive quest for technologies that will bring greater performance.

The ambitious goal of the recent alliance between US electronics giants Intel and Hewlett-Packard is to develop a microprocessor that will perform 10 times faster than current microprocessors.

These next-generation microprocessors will be used in PCs with the performance of today's supercomputers. Computer-intensive tasks such as speech and handwriting recognition will allow people to communicate easily with their computers, while the machines process vast volumes of data in the form of three-dimensional, high-resolution graphics and manipulate massive database files. Virtual reality systems will be as common in business settings as they will be in home entertainment systems. And the new computer power available will create applications not yet envisaged.

But to reach this stage, vast investment in research and development and expertise in a large number of different areas will be needed. It will also mean correctly identifying the technologies to enable such a large increase in performance.

The alliance of Intel and HP has focused attention on a little-known technology called Very Long Instruction Word (VLIW). Both companies say VLIW may be one of the technologies included in their future microprocessors.

Most PCs use a type of microprocessor design called complex instruction set computer (Cisc), a design with its roots in the 1970s. As memory chips became cheaper in the 1980s, researchers found they could make microprocessors more efficient if they simplified the design and let the system software handle more of the complexity in analysing and executing the programs. These types of microprocessors are known as reduced instruction set computer (Risc) and are typically found in high-performance workstations and are gradually emerging in PCs through products such as Apple Computer's Power Macintosh computers.

VLIW offers to take this process a step further by making the microprocessor design very simple and using special software known as software compilers to analyse the programs and feed the code rapidly into the microprocessor.

HP has made the biggest investment in VLIW, which was first pioneered by the now defunct computer company Multiflow in the mid-1980s.



Promise of power

Tom Foremski looks at the next generation of computers which will have vastly increased performance

HP's focus is to improve superscalar functions in microprocessors. Superscalar means that a microprocessor can handle more than one task or instruction within a time period or cycle. Some CISC microprocessors can take several cycles to process a single instruction. But superscalar microprocessors, such as the Intel Pentium or the PowerPC from IBM and Motorola, can handle two or more instructions in one cycle, greatly improving microprocessor speeds.

HP is hoping to go beyond current superscalar designs with a microprocessor design it calls a "super parallel". Super parallel microprocessors could process as many as 32 instructions per cycle.

Intel and HP are not the only companies interested in VLIW. IBM says it has several patents on VLIW technology, and is considering including the technology in its future microprocessors.

But not everyone is convinced that VLIW is the way forward. IBM, Motorola and Apple Computer formed an alliance, called PowerPC, three years ago to develop high-performance RISC microprocessors.

The alliance created the Somerset Design Centre in Austin, Texas, staffed with several hundred top chip designers. Russell Stanphill, co-director of the Somerset Design Centre, says

Intel claims manufacturers must not only develop faster designs but also ensure they can get the economies of scale to match Intel which intends to manufacture tens of millions of microprocessors.

Silicon Graphics, which produces the Mips Risc microprocessor, is hoping to obtain the economies of scale required by designing its microprocessor into a potentially large market for set-top TV boxes that will act as gateways to "information superhighways".

Intel claims manufacturers, such as Advanced Micro Devices and Cyrix claim they will be able to match whatever Intel produces. But while microprocessor design moves towards less complexity, paradoxically, the size of the microprocessor chips grows larger as additional system functions are placed on the same chip.

that developing radically different microprocessor architectures may be premature. "I believe that RISC technology has a long way to go before we run into limitations - Risc is still in its infancy. There are also questions about whether VLIW is a good approach. Does it make sense to give the compiler such a massive task to do?"

Linley Gwennap, industry analyst and founder of The Microprocessor Report, claims other companies might ignore VLIW and take a different approach. "You could choose a multi-processor chip approach that would ensure easier backward software compatibility. Or reconfigurable microprocessors where you use gate array technology to reconfigure your microprocessor for specific tasks."

But whichever technology is chosen, developing new microprocessor designs and manufacturing them is increasingly expensive. Apart from the R&D expense, building a microprocessor factory can cost \$1bn (£600m). It is a job that Intel, the world's richest and largest microprocessor manufacturer, cannot handle alone. Its alliance with HP gives Intel access to HP's Risc microprocessor technology, its software compilers and its large customer base - while HP taps into Intel's chip manufacturing skills.

"This alliance raises the stakes in the microprocessor market. It will be very expensive to develop the next generation of microprocessors and it's clear that some companies won't make it," says Gwennap.

Microprocessor manufacturers must not only develop faster designs but also ensure they can get the economies of scale to match Intel which intends to manufacture tens of millions of microprocessors.

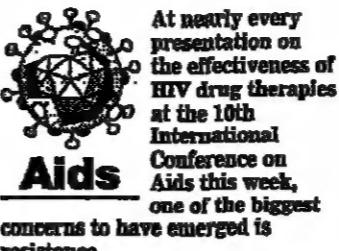
Silicon Graphics, which produces the Mips Risc microprocessor, is hoping to obtain the economies of scale required by designing its microprocessor into a potentially large market for set-top TV boxes that will act as gateways to "information superhighways".

Intel claims manufacturers, such as Advanced Micro Devices and Cyrix claim they will be able to match whatever Intel produces. But while microprocessor design moves towards less complexity, paradoxically, the size of the microprocessor chips grows larger as additional system functions are placed on the same chip.

INTERNATIONAL AIDS CONFERENCE

Triple therapy offers high-cost hope

Paul Abrahams reports on the struggle for resistance



At nearly every presentation on the effectiveness of HIV drug therapies is likely to widen. Stefano Vella of the Istituto Superiore Di Sanita in Italy has suggested that the development of polymerase chain reaction technology, which permits doctors to estimate the level of virus in the blood, could allow physicians to monitor regularly the effectiveness of treatments. That would allow them to stop and change multiple therapies for maximum effect.

While such therapy may improve survival and quality of life of AIDS and HIV-positive patients, the cost implications of such individual therapy are horrific and could undermine many governments' recent healthcare cost-containment efforts.

were immune and so undertake more risky behaviour - outweighed the benefits.

Dan Bolognesi of Duke University Medical Centre in North Carolina said the consequences of the decision were far-reaching. For the US, it meant that trials would be delayed for between one and three years.

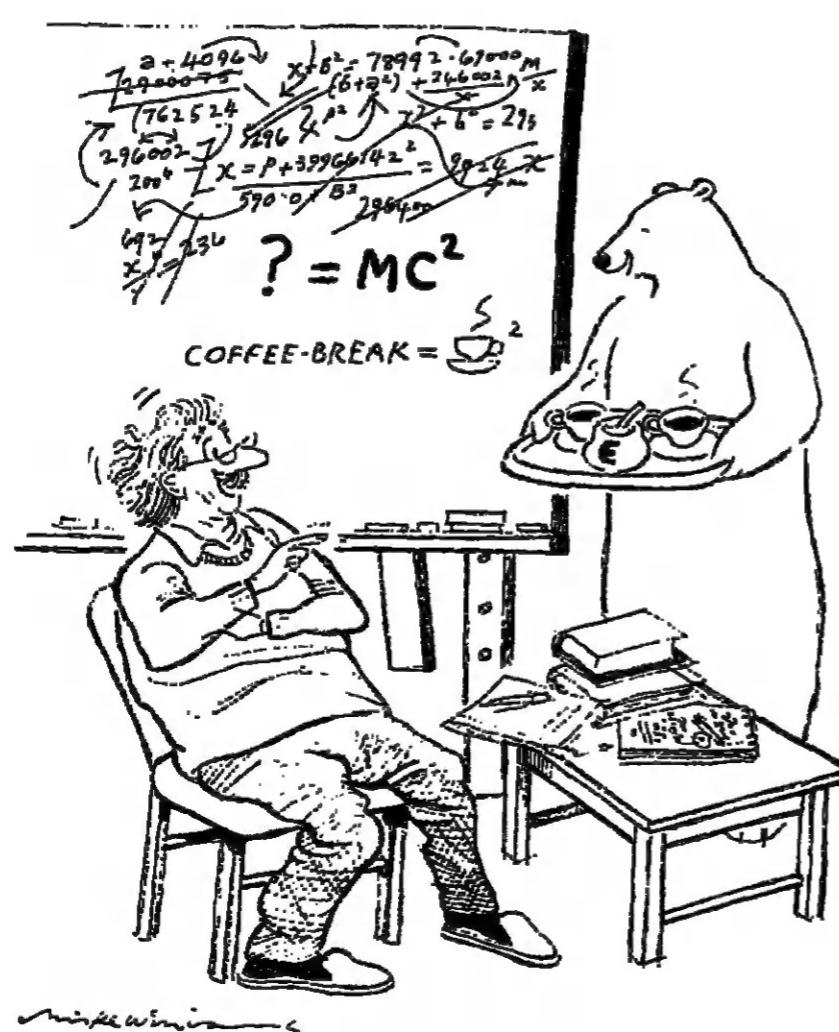
For the rest of the world, and particularly for the developing world, the US decision has created a desperate dilemma. The WHO had been planning to test the vaccine in Brazil, Thailand, Uganda and Rwanda (which is now impracticable).

The Brazilian government initially refused to participate because it was worried its citizens were being used as guinea-pigs. Its concern, and those of other countries, that vaccines not safe or effective enough for the first world could be dumped on third world volunteers, are likely to be heightened.

However, African speakers were vehement in their support for the trials. Edward Mbida from Mulago Hospital in Uganda said the risk-benefit equation was different in Africa from the US. In Africa there was no alternative to a vaccine: increased use of condoms, clinics for sexually transmitted diseases, education and counselling would never be affordable in Africa, he said. A vaccine was the continent's only hope. The only way to test whether it worked was to start trials.

Nath Bharataprasad of Mahidol University at Salaya, Thailand, said the only way to test whether a vaccine worked was to start trials. Testing on animals gave no indication of a human vaccine's effectiveness. The trials clearly had to be ethical, he said, or the companies and organizations involved would be accused of human experimentation.

The cost of a three-year trial involving 3,000 people to test the effectiveness and safety of a vaccine would be only \$45m - less than the cost of a single F16 fighter jet.



Cream and sugar, Mr. E.?"

Astute investors everywhere know that there are no standard formulas for success. That's where Bank Julius Baer comes in. For over a century we have been delivering imaginative, personalized asset management services to a demanding clientele around the world. Year in and year out. In good times and bad. Looking for an

individual formula to satisfy your investment needs?

Put a Baer on your side too.



BANK JULIUS BAER

THE FINE ART OF SWISS BANKING

Zurich, Bahnhofstrasse 36, CH-8010 Zurich, Tel. (01) 226 51 11; London, Beau Maris House, Beau Maris, London EC1A 7NE, Tel. 071-622 4311; New York, 330 Madison Avenue, New York, N.Y. 10017, Tel. (212) 287-3600; Los Angeles, San Francisco, Palm Beach, Montreal, Mexico City, Hong Kong, Geneva, Paris, Bordeaux, Frankfurt.

A Member of SFA

Subscribe to the FT in Austria now

and get the first 4 weeks free.

Take advantage of this special introductory offer and have the Financial Times personally delivered to your office every morning at no extra charge and you can start the day fully briefed and alert to all the issues that influence or affect your market and your business.

Weekday hand delivery services are available throughout Vienna, Innsbruck, Linz, Salzburg, Steyr, Traun and Wels. A Saturday hand delivery service is now available in areas of Vienna. Please contact us to confirm availability.

Place your order now by completing the coupon below and faxing it to us on +49 69 596 44 83 or by post to Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany.

To: Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany.
Tel: +49 69 596 44 83 Fax: +49 69 596 44 83 Telex: 416193

Yes, I would like to subscribe to the Financial Times and enjoy the first 4 weeks free. Please enter my subscription for 12 months at QES 5,800 saving me 41% on the retail price. I will expect delivery to start within 21 days and await your invoice.

Name: _____

Address: _____

Tel: _____

Fax: _____

Signature: _____

Date: _____

(No order accepted without a signature)

OSI

Financial Times. Europe's Business Newspaper.

ARTS
GUIDE

SPRING
TIME

ARTS

Cinema/Nigel Andrews

Pulp hero pumps up the drama

For about a third of *True Lies* – the middle third – Arnold Schwarzenegger attempts to play a human being. You can tell this by the sound of machinery winding down behind the Arnold face. The brows furrow; the voice and features are rearranged by elaborate computer technology, into a broody quietude.

Our hero Harry Tasker, a spy working for a secret agency charged with what the film's publicity calls the "intervention of nuclear terrorism," suspects his wife Jamie Lee Curtis of having an affair. Or as Arnold more menacingly pronounces it, an "affair."

Soon Harry is unleashing all the agency's know-how and manpower on Jamie's nocturnal wanderings, eventually having her caught in what seems a clear case of flagrante. Then he interrogates her to the point of tears through a one-way mirror and voice-distorting intercom. Later still, again incognito, he subjects her to a humiliating strip routine.

After *True Lies* the comedy of domestic jealousy, we return to *True Lies* the comedy adventure. Only we wonder where we mislaid our sense of humour. For much of this two-hour 20-minute movie, the Austrian superstar's bid to bounce back from his *Last Action Hero* debacle resembles *Last Action Hero* with added misogyny and *schadenfreude*. Lots of stunts – here, a blown-up Swiss chateau, there, a pyrotechnic pile-up on a Florida bridge – and lots of quippy one-liners: "Have you ever killed anyone?" "Yes, but they were all bad." But there is also new, worrying sense of let's-pump-up-the-drama.

When the Schwarzenegger machismo begins to turn serious, there is something nightmarish about this man. As a paid-up if part-time subscriber

to the Arnold Fan Club – call me a country member – I admire his work in pulp fiction: the *Terminator* movies, *Commando*, *Total Recall*. These are comic books made celluloid, with Arnold a perfectly-tooled Nietzschean machine whose ability to seem humanly nonhuman can also stretch to comedy. (He is funnier – admittedly funnier – than Danny DeVito in *Twister*.)

But *True Lies* is a pile-up of confused intentions. Directed and scripted by James Cameron, it cost a reported \$120m,

TRUE LIES (15)
James Cameron

BABY'S DAY OUT (PG)
Patrick Read Johnson

GETTING EVEN WITH DAD (PG)
Howard Deutch

beating Cameron's own *Titanic* to the costliest-ever record. If the money went mostly on stunts and special effects that are used like a heart doctor's electric clamps to shock life into a tired, paranoiac patient, the plot, in part one, Arabs threaten to blow up America with a nuclear bomb. Part two: Arnold investigates his wife. Part three: back to fighting the Arabs with reconned spouse in tow.

This is clearly the star's bid to be James Bond for the 1990s. (Even the production designer Peter Lamont is a veteran of five Bonds.) All the fun of the espionage romp, with a bit of PMT thrown in – pre-millennial tension – in the form of topical geo-politics and career-stressed marriages. But Schwarzenegger's mega-muscled way with the gore and gags is different from the more dandyish 007s; and even less is it suited to black-comedy biopic

sies or an ailing relationship. Zombie implausibility is the man's specialty, accompanied by the boom of death-dealing epigrams. We catch him here when he pilots a Harrier jump jet in and out of a skyscraper window, or when he crashes on horseback into a hotel's scenic elevator to pursue a fleeing baddie; or when he sepulchral quips "You're fired" to the same baddie, dispatched while clinging to the end of a fighter plane's rocket. Schwarzenegger is a great star in two dimensions. Try to add a sweater third, let alone to extend his style of casual brutality into real life, and the charismatic cut-out becomes a faintly sinister hologram.

Baby's Day Out and *Getting Even With Dad* are the week's self-styled Hollywood "comedies". Each has a plot you could sell in five seconds to an excitable moguls. "Kidnapped baby escapes and his life-endangering adventures across big city." (Mogul: "Great! Maisie, pass me a contract form.") And "Neglected son stumbles on ex-convert Dad's new crime plot and blackmails him into being a new and caring father." (Mogul: "Great! What's Macaulay Culkin's schedule?")

Master Culkin, alas, is free. But he is now a long-in-the-tooth twifish and the voice is descending from pre-subteen high C to middle A-flat. As for the face, so animated in *Home Alone*, it seems to have seized up almost completely. Perhaps he has had plastic surgery.

He is, of course, re-running his earlier success of *Home Alone*. Much of *Getting Even With Dad* involves a knock-about burglar duo (Galliard Sartain, Sam Rubinek) and their "hilarious" humiliations at the hands of Master Smartypants. That serves for subplot. The subplot is in the hands of Ted Danson as Dad, who must choose between keeping a

priceless cache of stolen coins and holding on to the love of Master Culkin. We are amazed he takes so long to make up his mind; and even more amazed that he makes the wrong decision.

Baby's Day Out comes to us from the writer-producer of *Getaway*.

And it has much the same plot about a teawhy infant and its distraught and sunburned parents (Lara Flynn Boyle, Matthew Gaze).

Only difference: the new John Hughes-scripted romp does not feature a knockout burglar duo. No, in a daring departure from precedent, the burglars here are kidnappers and they are a trio. Joe Manganiello is their leader, mugging gallantly away even when

Baby, concealed under a coat on his lap in a public park, is busy with a fight setting the man's trouser on fire. Later, a fellow gang member puts the flames out by stamping violently on the affected area.

Laugh! I thought I had contracted Macaulay Culkin's facial paralysis. This scene proves that misogyny is not the only option in modern American sexual attitudes. The country's puritan legacy lingers on at all behavioural levels, affecting both sexes.

But *Baby's Day Out* is an odd movie in every sense. While the comic opportunities offered by Hughes's story are legion – Baby in a department store, Baby on a building site, Baby at the zoo – the opportunities taken by Hughes's own

script and Patrick Read Johnson's direction are almost zero. Scenes are either too short to make an impact at all (department store) or so long (building site) that they stretch a sitcom conceit into a form of serial concussion.

The only person to emerge with credit or dignity is the butler Andrews – no relation – and even he, to judge by the two-and-a-half lines of dialogue John Neville gets to utter, seems to have done most of his butting on the cutting-room floor.

By the way, there is also a new Hollywood comedy in town called *Blank Cheque*. This was not shown to the press but deals, I understand, with a small boy, his neglectful parents and a knockout bur-

glar with whom he becomes amicably involved...

Or for the wings of a dove. Or the wings of aeroplane, at least, to get us to the Edinburgh Film Festival. There, if you have any time between August 13-28, you should drop by to enjoy the riches. They include: a pair of exotically matched retrospectives (Japan's Shôhei Imamura, Hollywood's Andre "House Of Wax" De Toth), a gala lecture or two (including a masterclass by Bertrand Tavernier) and a whole lot of hits from the year's previous festivals, including the opening film, Australia's runaway drag comedy *Priscilla Queen Of The Desert*. Oh, and you can also catch Arnold Schwarzenegger in *True Lies*.

A great star in two dimensions: Arnold Schwarzenegger and Jamie Lee Curtis in *True Lies*



The Proms

Maxwell Davies' new Fifth

At Tuesday's Prom, Sir Peter Maxwell Davies conducted the Philharmonia in the premiere of his Symphony no. 5. He will be 60 next month. The Prommers received it with warm, vociferous enthusiasm: quite rightly, I thought.

Yet one might have expected otherwise; for Max's atonal idiom is as uncompromising as ever, whereas popular post-modernist fashions in "new music" have clutched back at tonality as to Nanny's apron strings. Max learned early that advanced, theory-conscious music went down better with lacing of Expressionist drama: hence the 1960s *Mad King* songs, and the inspired *Revelation And Fall*. Then he moved to Orkney, where his fascination with the seascape and the light turned his palette toward neo-Impressionism – though the detailed workings-out of the music were formally rigorous, even arid.

Embracing Sibelius was a natural next step (Nordic is Nordic, after all). It was not surprising that Max's First Symphony (1978) should declare inspiration from the Sibelius Fifth, in respect of large-scale form – not to mention its stark, long-sighted vistas. When asked why he should call his latest work a Symphony, Max allowed that it contained nothing like traditional "development", just like the later Sibelius, but earned the title in virtue of hard-wrought density.

Fair enough: this new Fifth, in a single movement, is dense, but also transparent and accessible. At well under half an hour it is less than half the length of his First, but it is superbly compact, and exercises a relentless symphonic grip. A near comparison would be a late- or post-Romantic Passacaglia, where a repeated ground-bass ensures the unity of disparate variations which may trace their own dramatic trajectory. (Earlier Matthias Bamert conducted Webern's early Passacaglia, which is just such a piece, with rare, sensuous subtlety.)

Max's symphonic sections succeed one another like close links in a consecutive chain. From the baited-breath prologue for two flutes and a clarinet, many things expand in parallel and in contrast: brass chorales, soft wind-diallogues, frenetic tutti (with brilliant surges from trumpet and horn) and introspective solos. It ends with a long, elegant, dying fall, from *pianissimo* strings and a moving cello line to formal high winds and a final, measured string-drop, barely audible.

A good cast could be better; Michael Blakemore's production could give more thrust to these over-controlled and emotionally slightly languid characters. But Janet Suzman brings her intelligence to Saria, and the younger generation are sweetly and convincingly portrayed by Hellene Schmitz and James Arlon. About Maren Lipman as Gorgeous I have a problem. Ten seconds into any Lipman performance I begin to giggle helplessly. While this might – should she opt to play Medea, Phaedra or Hedia Gabler – suggest in one or other of us an unsuitability for our chosen profession, as long as the plays comedy our relationships goes swimmingly.

The Sisters Rosensweig is at the Greenwich Theatre (081-858 7755).

David Murray

Theatre/Martin Hoyle

Three sisters in search of their roots

Just as Muriel Spark's novel *The Girls of Slender Means* recalls a time when all the nice people were poor, so sophisticated pre-war American films evoke an era when all the nice Americans sounded English. Reminded of this by *The Sisters Rosensweig*, I was amused by a coincidental reference to Muriel Spark in Wendy Wasserstein's comedy. This is an Anglo-American affair par excellence.

The action amiably unfolds in the Holland Park home of Sara (Maureen Lipman) a high-powered American in international banking who reads "very good" pieces in the Financial Times (as who does not?). The time is the recent past, when the Soviet Union was collapsing and \$400 were worth \$200. As old alliances crumble and the world takes on a new shape, the characters too try to focus on themselves, their context and their identities.

Sara's visiting sisters are

Pfeni, traveller and author, involved with a bisexual English theatre director (whose hit musical based on the Scarlet Pimpernel sounds all too plausible), and Gorgeous Teitelbaum, self-styled "housewife, mother and radio personality" who enjoys fame as an agony aunt of the air waves back home, a cross between Doctor Ruth and Clare Rayner. Gorgeous is the sister who succeeded: she married a lawyer, had children and moved to the suburbs. She insists on lighting the candles and covering her head with a tea-towel for the Jewish Sabbath ("A seance?" asks the teenager's boyfriend as he enters). The secular Sara is thoroughly anglicised, after two divorces coolly keeping emotional commitment at bay, and intends her teenage daughter for Oxford.

None are – or is, as a stickler for grammar reminds us on stage – as secure as we think. Gorgeous's husband Henry, it is revealed, is out of work and

aspires to write Chandler-esque thrillers which he researches in mean streets and low dives, somewhat hampered by an adherence to Diet Coke. Theatrical director Geoffrey, having turned to Pfeni on the rebound from a gay affair and desolation at the AIDS striking his circle, ultimately decides he misses men though he envies himself and Pfeni as "the most remarkable friends". And Sara's defences are breached, to her resentment, by the nice and the ordinary: a widowed furrier, or rather a politically correct purveyor of "synthetic animal protective coverings".

The most articulate of the three, Sara finally describes herself (unjustly) as "a cold and bitter woman who has turned her back on her family, her religion and her country." Even her daughter backs out of a matrimonial adventure with her Lithuanian boyfriend.

It falls to the daughter to ask the question that might apply to all of them: will they always be watching, never belonging?

They puzzle ruefully about their identities, taken to extremes in the young girl's lament that she is neither European nor English nor American nor Jewish.

Of course, some might think this points the way to the new internationalism; but the play's message seems to be gently in favour of roots and a cultural identity – if you can find them. It sounds rather sombre, but the writing is literate, amusing and wryly resigned to the uncertainties against which Chanel suits and financial tycoons are no protection and international invasions no defence – as the director admits, he has no sense of who he is except in the darkened theatre where he makes it all up.

A success in the US, the piece, for all its humorous, Jewish self-deprecation and family argument (none of it very intense), is less Neil Simon than Philip Barry, the pre-war

American author of such comedies as *Holiday* and *The Philadelphia Story*: urbane, concerned, the heartbeat belying the shrug of the well-heeled and grudgingly soft-aware.

A good cast could be better; Michael Blakemore's production could give more thrust to these over-controlled and emotionally slightly languid characters. But Janet Suzman brings her intelligence to Saria, and the younger generation are sweetly and convincingly portrayed by Hellene Schmitz and James Arlon. About Maren Lipman as Gorgeous I have a problem. Ten seconds into any Lipman performance I begin to giggle helplessly. While this might – should she opt to play Medea, Phaedra or Hedia Gabler – suggest in one or other of us an unsuitability for our chosen profession, as long as the plays comedy our relationships goes swimmingly.

The Sisters Rosensweig is at the Greenwich Theatre (081-858 7755).

ARTS GUIDE

Monday: Performing arts guide city by city.

Tuesday: Performing arts guide city by city.

Wednesday: Festivals guide.

Thursday: Festivals guide.

Friday: Exhibitions Guide.

European Cable and Satellite Business TV (Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY

NBC/Super Channel: FT Reports 1230.

TUESDAY

Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY

NBC/Super Channel: FT Reports 1230

FRIDAY

NBC/Super Channel: FT Reports 1230

SUNDAY

NBC/Super Channel: FT Reports 2230

Sky News: FT Reports 0430, 1730;

Stravinski (021-966 5480)

PESARO

This exquisite walled town on the Adriatic was Rossini's birthplace. Each year it brings together gentle lovers of the Italian maestro's music, who come to explore some of his lesser-known operas, alongside bucket-and-spade beach-goers. The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

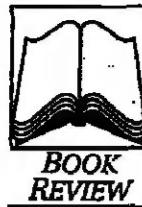
The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

The programme opens tonight with *L'Italiana in Algeri* starring Jennifer Larmore and Kurt Streit.

A hack out of the old block



The unexpected return to power of Japan's Liberal Democratic party in a three-party coalition led by the Social Democrats has sent executives and commentators at some of the nation's leading television networks and newspapers scrambling for cover.

The LDP is angry at media organisations which branded its former leadership corrupt and dishonest once the party had fallen from grace last year, while heaping praise on successive new administrations for their programmes of reforms. Many media chiefs are now trying to restore former links with leading LDP members who, still seething, are threatening to cut some news organisations off from news emanating from the party.

Such fawning behaviour by the media is hardly a surprise: since its establishment early this century, the Japanese press has been part of the status quo and has sided up to those in power. It has never been given – nor has it taken on – the role of political critic. Moreover, the static quality of modern Japanese politics has meant the media have seldom been called upon to choose sides in any deep ideological or other conflict.

Hiroaki Tase, a senior reporter at Nihon Keizai Shinbun, the leading business daily, says one of the main reasons for the confused state of Japanese politics is the unhealthy proximity between the media and politicians. The country's immature press has failed to check the excesses of politicians, who are widely seen as being preoccupied with securing favours for their constituencies while party power brokers have dispensed patronage among favourites.

Tase says his book, un-Japanese in its critical tone, is partly a confession of his own past "sins" as a political reporter. He says he realised that something was wrong with Japanese journalism when he was Washington correspondent for the Nikkei between 1985 and 1989. He found western journalism

POLITICAL JOURNALISM'S CRIME AND PUNISHMENT
(Seiji janarizumu no tsumi to batsu)
By Hiroaki Tase
Shinchosha, Y1,250 in Japanese.
207 pages

much more open, analytical and critical.

One of the main problems in Japan, he says, is the *kisha* club, or the reporters' cartel, which is attached to and usually funded by each ministry, political party or faction, and business organisation. A journalist arriving in Japan for the first time faces a bewildering array of more than 600 *kisha* clubs accommodating more than 160 media organisations. Instead of commuting to the office, reporters from Japan's mainstream newspapers, wire services and television networks virtually live in these clubs, which resemble permanent newsrooms, waiting for announcements or briefings.

It is a cosy arrangement for both sides, allowing government and business officials to establish close links with the media while controlling information. Diversity and competition are sacrificed, as reporters, who know exactly what the competition will write, simply rewrite press releases.

Another factor contributing to the low standards of Japanese journalism, says Tase, is the lack of bylines for reporters. This, he says, has dampened competition between journalists and hence quality (although he fails to consider the case of a publication such as The Economist, which does not give its writers bylines). He also blames a lack of analytical skills among reporters on the way news organisations tend to promote journalists for their respect for hierarchy or for working long hours, rather than for their intellect. "After working from early in the morning to late at night, political reporters come home tired as a rag. They don't even have time to read books," he says.

He points out that the closeness between the press and politicians extends abroad. He describes a press conference hosted by the foreign ministry

at the Group of Seven summit in Munich in 1992 for Mr Kichiro Miyazawa, the then prime minister. The government official chairing the press conference ignored questions by non-Japanese reporters, allowing only approved questions by Japanese *kisha* club members travelling with the prime minister.

But the Japanese mainstream media are not scared to kick someone when he is down, says Mr Tase. Mr Shin Kanemaru, a power broker in the LDP and a political legend created by the media, is a case in point. After he had been arrested and indicted in 1992 for receiving bribes from a trucking company in exchange for political favours, the media engaged in near-hysterical condemnation of him. The case against him is pending.

Tase warns that, if the media do not go back to the basics of journalism, scrutinising the political establishment and writing the truth, they will lose what remains of their credibility among the Japanese public.

Even though Tase's book has been received with resentment among some, his views are gaining support among journalists, particularly the younger generation. His solutions to the problems of Japanese journalism seem straightforward. He calls for the abolition of *kisha* clubs, the greater use of journalists' bylines, and the development of a media culture which nurtures the development of more analytical journalists.

Yet, if Tase's prescriptions are correct, it may be a while before Japanese journalism improves substantially and plays a leading role in forming public opinion, rather than merely regurgitating the government or corporate line. Although Tase has been following his own prescriptions, writing analytical and critical features under his own name, he remains in a minority within the press and even within his own newspaper. He argues convincingly that, in a culture where open debate is new, analytical and lively journalism may still take some time to establish itself.

Emiko Terazono

An unusual phenomenon has occurred across the UK's farmland this summer – a scattering of poppies has appeared amid the regimented rows of golden wheat. The poppies would normally be wiped out by liberal doses of herbicide, but this year they are evidence of a trend by European farmers towards curtailing the use of chemicals.

"There's a growing mood that we don't mind seeing the odd weed or two amid our cereals – a few years ago that would be a matter of shame," one producer commented.

The change has been brought about partly by public demand for farmers to be more environmentally sensitive and reduce their use of pesticides, herbicides and artificial fertilisers. The trend has been strengthened by the pressure on farmers to cut costs, as European Union subsidies are reduced under reform of the Common Agricultural Policy.

As well as cutting subsidies, the CAP reforms are designed to give financial incentives to farmers who adopt measures to safeguard the environment. Already some payments under the CAP depend on farmers taking action such as limiting grazing in environmentally fragile areas.

While only 5 per cent of CAP payees currently depend on meeting environmental standards, a further "greening" of EU agriculture policy seems likely. Mr Rene Stelzen, farm commissioner, is among those wanting change: "Environmentally compatible production methods should be introduced as quickly as possible into general practice," he said recently.

In the UK, some large producers and environmentalists have joined forces to lobby for changes to the CAP, to bring it more into line with environmentally friendly methods of farming. The Gay Hussar group, named after the London restaurant where it first met, was officially launched last month at the Royal Show, organised by the Royal Agricultural Society of England, in Stoneleigh, Warwickshire.

Many farmers in the group advocate a concept called "sustainable farming", which encourages producers to cut their use of agrochemicals – but not eliminate them use completely as in "organic" production.

Mrs Gillian Shepherd, before she moved from agriculture minister to education secretary last month, was keen to encourage sustainable methods – a system under which, she

UK farmers have not gone organic, but are profiting from going green, says Deborah Hargreaves

Cereal story with a wholesome ending

said, "crops must be profitable, meet the needs of consumers and the environment and conserve the soil".

Under such a system, farmers cut their use of weedkillers, artificial fertilisers and pesticides and, as consequence, suffer a small drop in production. But they remain profitable because, by using fewer chemicals, they can reduce costs.

A research project, partly sponsored by the EU, at the Long Ashton Research Centre in Bristol is currently investigating how much farmers can cut chemical use and still remain profitable. It estimates that, if the use of chemicals was reduced such that crop yields fall by 8 per cent, costs would fall by 32 per cent – meaning the holding would remain profitable.

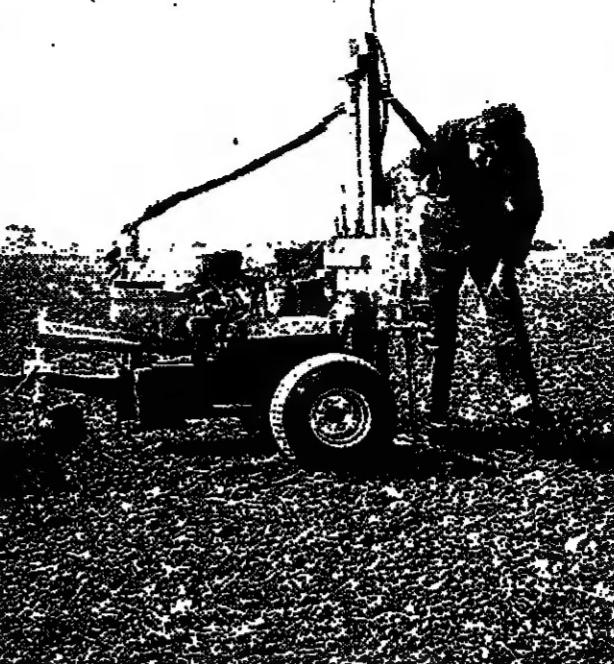
Mr Mike Calvert is one of the pioneers of the sustainable approach. As general manager of CWS Agriculture – an arm of the Co-operative Wholesale Society – he is one of Britain's biggest farmers with a total of 45,000 acres under his care.

Keen to address the concerns raised by environmentalists, Mr Calvert initially tested organic farming methods. Five years ago he converted 300 acres of his 5,200-acre holding in Leicestershire, but soon found it was not profitable.

While conventional farming methods have given him an average profit of £150 an acre at the Leicestershire farm over the past three years, the organic part has made losses – last year of a total of £29,000.

Mr Calvert said his organic holding needed a large investment of costly labour to control weeds. He reckoned that in organic farming the overheads per unit of production were double those of conventional methods because so much manpower was used and crop yields were lower.

This year, Mr Calvert is testing sustainable farming on 130 acres of his land. He described it as "integrated farm management". Instead of using labour-intensive organic methods, he is devoting the man-hours to



Earth watch: some farmers have reduced their use of chemicals

drawing up plans for using chemicals and artificial fertilisers more efficiently.

Instead of spraying chemicals on all crops, he and his team spend up to six hours a day inspecting wheat fields for patches of disease or poor fertility to target later. Mr Alastair

Calvert said his organic holding needed a large investment of costly labour to control weeds. He reckoned that in organic farming the overheads per unit of production were double those of conventional methods because so much manpower was used and crop yields were lower.

This year, Mr Calvert is testing sustainable farming on 130 acres of his land. He described it as "integrated farm management". Instead of using labour-intensive organic methods, he is devoting the man-hours to

Now the conventional wisdom has changed – to such an extent that the large agro-chemical producers and their trade organisation, the British Agro-Chemicals Association, have co-sponsored with supermarket groups a pressure group, Linking Environment and Farming (Leaf), which campaigns for sustainable methods. The chemical companies appear to have decided that it is better to promote the use of chemicals at a lower level, rather than risk organic farming becoming widespread. By promoting sustainable farming, chemical producers may also be able to head off the threat that CAP reforms will lead to severe restrictions on the use of their products.

Leaf, which has set up a number of demonstration farms, has attracted 100 members and affiliated organisations – of which CWS is one – in the UK and more on the Continent, including 800 in Germany. It encourages farmers to carry out environmental audits based on a questionnaire it has compiled.

Leaf reports strong interest in its audit system: it has sold 1,000 copies of the questionnaire at £20 each. But that represents less than 1 per cent of the UK's 250,000 farmers. It is a hard message to sell to the majority of producers, who are being encouraged to farm in a totally different way than they were 10 years ago.

Mr Fraser Hart, an arable and pig farmer in Gloucestershire who has adopted sustainable methods, said the transition was not easy. "It's more difficult to farm this way, and what do you do when you're faced with a major epidemic of pests?"

For example, the orange blossom midge threatened to eat wheat yields by 30 per cent this summer. "That's bankrupting for some farmers and I'm afraid we chickened out. We didn't want to spray, but we did it to save our crops," he explained.

At the same time, farmers trying to stick to environmental guidelines can still be their own worst enemies, Mr Calvert said. "You have to change your perception of what is pretty. Pretty to a conventional farmer is wheat which is dark green and lush in straight rows, whereas to the public it may look much better with poppies in it. Farmers may have to lose their obsession with neatness and tidiness. We were the scruffiest place in Leicestershire for a time."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5338. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Not only New York funds drive gold price

From Mr Timothy Green.

Sir. The analysts at Bear Stearns & Co argue that the gold price is too high at \$380 an ounce (Letters, August 5). This may be the view in New York, which often forgets the wider world in which the interplay of many markets makes the price.

Although one driving force in gold recently has been the ubiquitous "funds" in New York, the underlying strength of the gold market continues to be strong physical off-take for jewellery and industry in places as diverse as India,

Indonesia, Italy, China and the US itself. This demand alone outstrips, even at \$380, new mine production and scrap. At \$380 in early 1993, gold was perceived as so "cheap" that it triggered demand not seen since the metal was at \$35 an ounce 25 years ago.

Which brings us to Bear Stearns' remarks about the Fed (where, of course, Wayne Angell was a board member until recently). The Federal Reserve Bank of New York has been out of the gold market since it closed its gold "window" in 1971, no longer hand-

ing out gold for dollars at \$25 to any passing central bank. Unlike the Bank of England, it has not maintained its expertise in the gold market. So how is the Fed to "get" the price back between \$320-\$340? Start selling US reserves at those prices to all-comers? Has it been forgotten that in the 1960s the central banks' gold pool tried in vain to hold gold at \$35? Or that the US Treasury sales in the late 1970s were seen as a vote of no confidence in the dollar? The Treasury got \$255 an ounce for its gold; the price pressed on to \$300.

Timothy Green,
(author, The World of Gold),
London SW1P 4PT

Chart gives true picture

From Mr Kieren P Wright.

Sir. Professor Wynne Godley (Letters, August 8) claims that a Bank of England chart cited by Lex on August 1 is misleading. The chart – contained in my article on company profitability and finance in the August Quarterly Bulletin – shows the development of industrial and commercial companies' investment as a percentage of gross domestic product since 1975.

Prof Godley claims that it is misleading because the sector now includes privatised industries which were previously nationalised.

Indeed, the sector has become wider, as the article fully acknowledges, but the national accounts data do not identify separately investment by privatised industries.

Nevertheless, the chart is not misleading: an alternative chart of whole economy non-residential investment, covering both private and public sectors, in relation to GDP would show broadly the same pattern.

Kieren P Wright,
monetary analysis division,
Bank of England,
Threadneedle Street,
London EC2R 8AE

Role in Italian rail wages deal

From Mr Publio Flori.

Sir, I refer to the article by Andrew Hill, "Italian rail deal raises wage cost fears" (August 9). In this the author does not state that I absolutely refused to take part in the negotiations and only asked the Italian state railways to honour the agreement made two years ago between it and the drivers' union when I was not a minister.

When the Italian courts, for which I have great respect, decided that the agreement was valid and ordered the state

railways to pay interest on outstanding payments and legal costs, I intervened as guarantor of those rights.

I am surprised that as authoritative a paper as the Financial Times did not take the trouble to try to seek my views before writing an article which could be used to political gain, which is outside the scope of your newspaper.

Publio Flori,
transport minister,
Ministry of Transport,
Rome,
Italy

Customer confidentiality paramount in status inquiry system

From Mr Terry Thomas.

Sir, You reported ("Credit check plan on hold", August 8) that banks and some of their customers are experiencing practical difficulties following the introduction of a new pro-

cedure for status inquiries.

The new system was devised following the Co-operative Bank's refusal to answer inquiries without the express consent of its customers.

I hope that, despite any

Nuclear states and the non-proliferation treaty

From Dr David Lowry.

Sir. In their otherwise admirably informative review of the current developments in nuclear proliferation and its control ("Tick, tick, tick, tick them off", August 5) Jimmy Burns and Bronwen Maddox make two presentational errors that deserve correction.

First, in the accompanying map on the spread of nuclear weapons capability, they entirely overlook Canada's significant nuclear infrastructure. According to the 1992 edition of Nuclear Engineering International's *World Nuclear Industry Handbook*, Canada has 23 nuclear reactors operating at seven different sites. Additionally, it has a nuclear research centre at Chalk River, where scientists worked on the Manhattan atomic bomb project, whose technically successful outcome has just been marked with the 49th anniversary of Hiroshima and Nagasaki.

Canada also has very significant uranium deposits, as has Australia, a country identified as having large civil nuclear capability, although it only has two small research reactors and no commercial reactors planned or operating.

Second, your specialist writers misrepresent the text of the nuclear non-proliferation treaty (NPT) in saying that it "permits five countries to have nuclear weapons programmes". It does not. The NPT text defines a nuclear weapons state as one which has demonstrably tested a nuclear weapon (which interestingly itself remains undefined in the treaty) by January 1967.

It is to conflate the definition of a nuclear weapons state with the proposition that the NPT "permits" such a status where both your authors, and the foreign office, are inaccurate. Indeed, under article VI of the NPT each of the states party to the treaty – including the nuclear weapons states – are committed to entering into negotiations in good faith and at an early date towards nuclear disarmament under strict and verifiable international control.

This is hardly a permissive commitment to the retention of nuclear weapons.

David Lowry,
visiting research fellow,
The Open University,
Walton Hall,
Milton Keynes MK7 6AA

IRELAND. EUROPE'S KEY LOCATION FOR INDUSTRY. POWERED BY PEOPLE.

The lifeblood of a country is its people. And Ireland has one of the youngest, brightest and best educated populations. With over half under 28 years of age - and a greater proportion of young graduates in business and technology than any other country in Europe.

So while the rest of Europe worries about growing old and greying, Ireland is in her prime. Providing a prime location for industry already profitable for over 1000 international companies. Powered by people.

**IDA
IRELAND**
INDUSTRIAL DEVELOPMENT AGENCY

For information about business opportunities in Ireland contact IDA Ireland at: AMSTERDAM: (020) 679 8666, LONDON: (071) 695 941, DUSSELDORF: (021) 436 0200, STUTTGART: (711) 931 468, NEW YORK: (212) 750 4300, TOKYO: (3) 326 87691. Head Office: Witton Park House, Witton Place, Dublin 2, Ireland. Tel: (01) 658 6633.

July 1994

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday August 11 1994

Ratifying EU agreements

The European Union is in a mess over ratification of its international agreements. This week the European Court of Justice has ruled that an antitrust agreement between the European Commission and the government is void. More seriously, there is disagreement over how to ratify the Uruguay Round. The EU must find a way of resolving these disputes in ways that allow it to play its role on the global stage.

Underlying both controversies are the vexed issues of EU-versus-competence, and suspicion of the Commission.

Nobody doubts the need to ratify the Uruguay Round agreement. The question is how. But if it is not answered sufficiently swiftly, ratification may be delayed until next year. In that case, the EU might not be a founder member of the World Trade Organisation. Worse, delay on this side of the Atlantic might encourage delay on the other, increasing the risk that the whole process will go awry.

The Commission argues that it should be possible to ratify the Uruguay agreement under article 226 of the Maastricht treaty. Parliament will then have powers, similar to those of the US Congress, to vote yes or no on the package. Parliament's new role, however distasteful to some, has not been challenged by member states. Nor do they seem to have a basis for doing so. It is also agreed between the Commission and member states that, whatever the technical requirements, ratification should be unanimous. In some cases, this will require consent by national parliaments.

Divisive issue

The divisive issue is what other treaty articles should provide the basis for ratification. The Commission argues for Article 113 alone, which gives it sole competence under the common commercial policy. But member states insist that the Uruguay Round covers articles in the treaty where competence is divided between the EU and member states. Those other articles relate, in particular, to services, transport and intellectual property.

As yet, the member states have no consensus on which legal basis to adopt. But the Commission has already can to achieve both.

Making sanctions work in Iraq

Sanctions can work. They played a part in convincing white South Africans that apartheid was not a tenable long-term solution for their country, and President Milosevic would not even be pretending to apply them to the Bosnian Serbs unless he were seriously anxious to get them lifted from Serbia. In Iraq, sanctions are clearly "biting". Western visitors report a bleak economic picture, with minimal activity and no hope of change. Moreover, Iraq has complied, to a surprising extent, with the conditions imposed on it by the UN Security Council, including acceptance of long-term monitoring of its nuclear and chemical disarmament.

With Iraq, as with Serbia, the question arises whether compliance should be rewarded by a partial lifting of sanctions. For the council seems to be a con-

cerned that lifting the sanctions now would be "premature". All agree that must stop Resolution 678 demarcating the Iraq-Kuwait border, and co-operate in investigating the disappearance of Kuwaiti subjects on Iraqi territory, in addition to concessions it has already

But whereas France and Russia might be satisfied with this, and advocate setting a fixed timetable which the council should consider Iraq to sales, the US and UK have longer list of demands, including an alleged human rights violations and alleged sponsorship of terrorism. They fear that to set a fixed period would fatally undermine the sanctions by encouraging both Iraqis and foreigners to assume that they are being phased out.

Undoubtedly hardship

There is no humanitarian argument for lifting sanctions on Iraq. The undoubtedly hardship suffered by the Iraqi people is caused not by (which specifically exempt oil and medicine) but by Saddam Hussein's refusal to sell oil under terms Resolution 678, which would place the proceeds in an escrow account and spend part of them on humanitarian relief in Iraq under UN supervision. To let him sell oil and use the proceeds at his discretion

Court of Justice for a ruling on the question, arguing that this is vital not so much for ratification, as for the EU's subsequent role within the WTO. If there were no assignment of competence to the EU, argues the Commission, it would be unable to negotiate effectively. This would create disorder within the WTO and frustration among the EU's trading partners.

Against this, member states insist that the EU lacks not just all the exclusive competencies claimed by the Commission, but still more such competence in new areas of the WTO agenda, labour standards and the environment.

Underlying both controversies are the vexed issues of EU-versus-

competence, and suspicion of the Commission.

Nobody doubts the need to ratify the Uruguay Round agreement. The question is how. But if it is not answered sufficiently swiftly, ratification may be delayed until next year. In that case, the EU might not be a founder member of the World Trade Organisation. Worse, delay on this side of the Atlantic might encourage delay on the other, increasing the risk that the whole process will go awry.

The Commission argues that it should be possible to ratify the Uruguay agreement under article 226 of the Maastricht treaty. Parliament will then have powers, similar to those of the US Congress, to vote yes or no on the package. Parliament's new role, however distasteful to some, has not been challenged by member states. Nor do they seem to have a basis for doing so. It is also agreed between the Commission and member states that, whatever the technical requirements, ratification should be unanimous. In some cases, this will require consent by national parliaments.

Divisive issue

The divisive issue is what other treaty articles should provide the basis for ratification. The Commission argues for Article 113 alone, which gives it sole competence under the common commercial policy. But member states insist that the Uruguay Round covers articles in the treaty where competence is divided between the EU and member states. Those other articles relate, in particular, to services, transport and intellectual property.

As yet, the member states have no consensus on which legal basis to adopt. But the Commission has already can to achieve both.

Making sanctions work in Iraq

Sanctions can work. They played a part in convincing white South Africans that apartheid was not a tenable long-term solution for their country, and President Milosevic would not even be pretending to apply them to the Bosnian Serbs unless he were seriously anxious to get them lifted from Serbia. In Iraq, sanctions are clearly "biting". Western visitors report a bleak economic picture, with minimal activity and no hope of change. Moreover, Iraq has complied, to a surprising extent, with the conditions imposed on it by the UN Security Council, including acceptance of long-term monitoring of its nuclear and chemical disarmament.

With Iraq, as with Serbia, the question arises whether compliance should be rewarded by a partial lifting of sanctions. For the council seems to be a con-

cerned that lifting the sanctions now would be "premature". All agree that must stop Resolution 678 demarcating the Iraq-Kuwait border, and co-operate in investigating the disappearance of Kuwaiti subjects on Iraqi territory, in addition to concessions it has already

But whereas France and Russia might be satisfied with this, and advocate setting a fixed timetable which the council should consider Iraq to sales, the US and UK have longer list of demands, including an alleged human rights violations and alleged sponsorship of terrorism. They fear that to set a fixed period would fatally undermine the sanctions by encouraging both Iraqis and foreigners to assume that they are being phased out.

Undoubtedly hardship

There is no humanitarian argument for lifting sanctions on Iraq. The undoubtedly hardship suffered by the Iraqi people is caused not by (which specifically exempt oil and medicine) but by

Saddam Hussein's refusal to sell oil under terms Resolution 678, which would place the proceeds in an escrow account and spend part of them on humanitarian relief in Iraq under UN supervision. To let him sell oil and use the proceeds at his discretion

After a "bottom up review" of defence requirements last year, Mr Les Aspin, the then secretary of defence, invited industry bosses to the Pentagon. He explained that despite the recent slimming by defence companies, the industry was still too big for Pentagon orders to prop up. Defence companies would have no choice but to retrace and consolidate further. As the industry chief executives headed for the door, they turned to each other and said with one voice, "Well, I guess you guys really have a problem."

There is no doubt that the US defence industry faces a testing time. In the past decade the defence budget has been cut by a third in real terms from \$602bn to \$295bn, and the number of military personnel will have fallen 2m in 1995 to 1.5m by 1997. But the cut in weapons procurement, and hence the impact on companies, has been even more significant.

From the peak of the Reagan arms build-up in 1986, the US budget for weapons purchases is almost two-thirds lower in real terms, down from \$132bn to \$45bn. In 1985 the US bought more than 31,000 new missiles; this year it will buy fewer than 2,500. The continually rising price of military technology has added an extra turn of the screw. In 1975, a slack period of defence spending following the end of the Vietnam war, the Pentagon could still afford to buy 225 fixed-wing combat aircraft. Next year it will get just 28.

Companies have had to respond rapidly to the constraints. At McDonnell Douglas, the company which makes the F/A-18 and F-15 fighters as well as the C-17 transport aircraft and commercial airliners, workforce almost 10,000 has been cut to 7,500. Other large companies have made similar cuts. According to Bankers Trust, a US bank, employment in the industry has fallen from 1,350,000 in 1990 to 800,000 now and may hit 600,000 within three years.

To combat the squeeze, companies have also been buying and selling subsidiaries in an effort to cut the number of aircraft, electronics and missile manufacturers. Yet as the meeting at the Pentagon suggested, most chief executives think their companies will survive, and most want to increase their presence rather than shrink it.

This bias is reflected in the pattern of transactions since the end of the cold war in 1990. Several of the deals, such as IBM's sale of its defence computing business to Loral, and General Electric's sale of its aerospace division to Martin Marietta, have been predominantly intra-industry companies deciding to form a difficult market to the specialists.

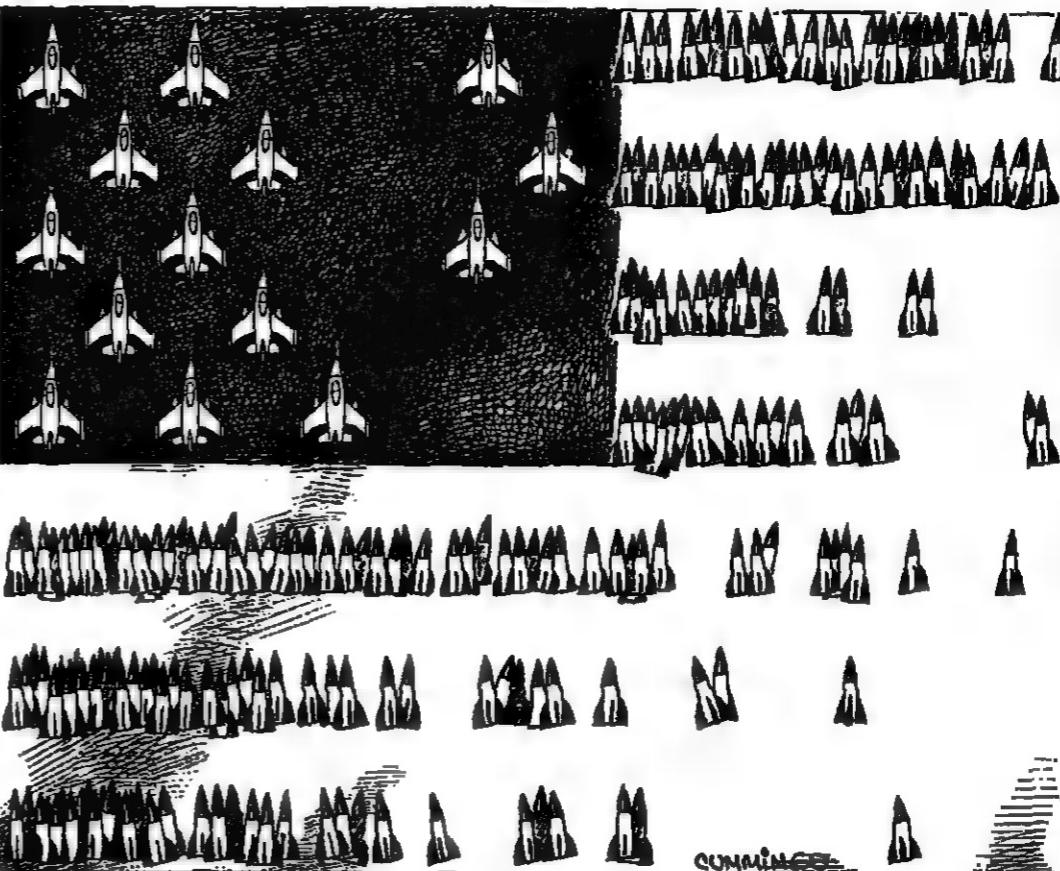
Of those running companies predominantly in defence, only Mr William Anders, chairman of General Dynamics between 1991 and 1993, has so far taken the strategic decision to quit the field. He sold his F/A-18 fighter plant to aerospace company Lockheed, his missile business to Martin Marietta, and his non-military aircraft business to Textron. General Dynamics is left with only its tanks and submarines operations, where it is the sole US manufacturer, and which Mr Anders said last year he "probably could not sell even if I wanted to".

Other large defence companies, most notably Lockheed, McDonnell Douglas and Martin Marietta, are probably big enough and have a sufficient backlog of orders to be sure of remaining in the defence business. They can afford to wait for the right buying opportunity. Mr Daniel Tullow, chairman of Lockheed, says: "There is much more consolidation ahead. Everyone is looking at everyone else, and we will have to be opportunistic."

Pressure is most acute for small and medium-sized companies with weak finances whose products are nearing the end of their production runs. Northrop manufactured the B-2 stealth bomber in the late 1980s, but as each aircraft cost more than

Fewer bangs for less bucks

The US defence industry is restructuring in response to deep cuts in weapons procurement, writes Bernard Gray



200m, production was stopped at 20 last year, though efforts are being made to restart the programme. Aircraft maker Grumman was also short of current products and the two merged earlier this year. Mr Kent Kresa, chairman of Northrop Grumman, says: "Most people have so far perceived themselves as buyers, yet as the options narrow some will be forced to become sellers." His merged company hopes to mitigate the misery by reducing central overhead costs, and draw on its stable technology - which makes it prepared to carry the cost of producing up artificial competition.

Fortunately, however, boiling down the bones of defence contracts is not the only option open to the industry, and hard-pressed companies are hoping for overseas sales to maintain production. Here too defence budgets are being cut, and the international market is becoming increasingly competitive. Buying from strong political allies may still be a priority for purchasing governments such as Gulf states, but value for money counts too.

That can leave US companies at a disadvantage. Their equipment often incorporates the highest technology and is correspondingly expensive. The US industry is also toolled up for long production runs, so as volumes have shrunk in recent years its huge research and development costs have had to be spread over smaller numbers. As a result unit prices for US equipment have risen compared with their competitors.

Rising prices not only hurts potential sales abroad, at home it threatens to price the most sophisticated weapons out of existence - as it has with the B-2 bomber. "We have to learn to cut fixed costs and research more economically," says a defence executive. "The escalating price of the B-2 marks the point where the US could no longer afford to buy bombers, and we cannot let that happen to other weapons systems."

The industry is making an effort to cut fixed costs, as the heavy redundancies show. Yet some companies are reaching the point where they cannot cut further and still

defence expert with Bankers Trust, says: "The US has already taken the emotional decision that it is prepared to accept monopolies. We have a monopoly in tanks, in submarines and in strategic bombers. Now the combat aircraft business is imploding rapidly. We are simply not prepared to carry the cost of producing up artificial competition."

Fortunately, however, boiling down the bones of defence contracts is not the only option open to the industry, and hard-pressed companies are hoping for overseas sales to maintain production. Here too defence budgets are being cut, and the international market is becoming increasingly competitive. Buying from strong political allies may still be a priority for purchasing governments such as Gulf states, but value for money counts too.

That can leave US companies at a disadvantage. Their equipment often incorporates the highest technology and is correspondingly expensive. The US industry is also toolled up for long production runs, so as volumes have shrunk in recent years its huge research and development costs have had to be spread over smaller numbers. As a result unit prices for US equipment have risen compared with their competitors.

Rising prices not only hurts potential sales abroad, at home it threatens to price the most sophisticated weapons out of existence - as it has with the B-2 bomber. "We have to learn to cut fixed costs and research more economically," says a defence executive. "The escalating price of the B-2 marks the point where the US could no longer afford to buy bombers, and we cannot let that happen to other weapons systems."

The industry is making an effort to cut fixed costs, as the heavy redundancies show. Yet some companies are reaching the point where they cannot cut further and still

could revolutionise aircraft manufacture and cut the tooling cost of setting up a production line. The aim is to cut the fixed cost of any operation so that high-tech systems can be manufactured economically in small numbers. Computer-controlled high-speed cutting, for example, allows complex parts to be machined from a single piece of metal at a quarter of the cost of traditional methods. Cheap, disposable moulds for composite materials can be aligned using lasers and "software tools" to do away with the expensive metal tooling which the industry usually relies on to assemble parts.

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge. Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of Bankers Trust puts it: "Overseas arms manufacturers are fortunate indeed that the US procurement process is not yet as well organised as it should be."

As the economic pressure for consolidation into a few global defence companies increases, the US is still best placed to lead. US companies operate in a unified defence market twice the size of that in Europe. They can consolidate more easily than their European counterparts. They have the technological edge.

Yet unless the industry can engineer more consistency and less political manoeuvring into its planning it may not be able to take full advantage of its strong position. As

Mr Demisch of

INTERNATIONAL COMPANIES AND FINANCE

Banesto loss of Pta21.8bn not as deep as expected

By David White in Madrid

Banco Español Crédito (Banesto), the Spanish bank which came under the Banco in April in the final phase of its operation, reported a lower-than-expected loss of Pta21.8bn (\$1.68m) in the first half of the year and said that it would almost break even for the year.

Initial losses at the time of the auction that the bank was losing Pta65bn a year, indicating a first-half loss of around Pta27bn.

Banesto said there was no comparable figure for the same period of 1993. Following the Bank of Spain's intervention

and a revision of Banesto's for the whole year put Pta57bn.

The bank said the half-year performance reflected improved management following the intervention rather than the impact of financial support for the bank, which would be more evident in results for the second half of the year.

The package involved a Pta80bn capital injection, the purchase of non-performing assets by the Deposit Guarantee Fund, and a Pta15bn loan to current

The bank said it had recovered of the customer

deposits during the year. In June and July deposits fell to a total of Pta50bn a month.

The half-year figures, showing an operating margin of 1.5 per cent for the parent bank, are the first indication of the impact of the chairmanship of Mr Alfredo Saenz, who was appointed by the Bank of Spain and kept in place by the new controlling shareholder.

"Between May and August a series of management measures have been put in place which have contributed significantly to improving the results," the bank said. More detailed figures are expected at the bank's annual meeting on August 22.

Sharp half-year rise at GKN

By Bernard Gray in London

Profits at GKN, the UK automotive components and defence engineering group, rose by 82 per cent to £27.5m in the first half of 1994, up from the first half of the previous year. The rise came in spite of a smaller increase in turnover, which rose by only 9 per cent to £1.516bn from £1.387bn.

Much of the improvement came as a result of a continuing programme of cost-cutting and upturn in demand of GKN's businesses. The rise in profits was most notable if the impact of the recently-acquired Westland was excluded. Without Westland operating profits were up by 10 per cent. Turnover was up by only 9 per cent.

Margins improved in the components business as a result of cut in manufacturing plants in Germany and UK, and continental European car market share to 10 per cent in the first quarter of the year.

David Lees, GKN chairman, said that French and Spanish markets were particularly strong in the impact of government incentives for car purchases through.

He said that the recovery in the UK and US car market continues, while the important German market is still depressed. Overall, the company expects western European production to grow by 7 per cent this year.

The company continues to have

£10m in redundancy and restructuring in the first half of the year, although it expects a lower figure in the second half of the year.

Production of the company's Warrior armoured vehicles at a plant for the British Army neared completion. It should, however, pick up again towards the end of the year as the company starts manufacturing the Warrior for Kuwait.

GKN is the automotive and engineered products division, with defence, up by 29 per cent to £62m from £44m.

Earnings per share rose 73 per cent to 16.6p from 9.6p and the interim dividend was maintained at 8p. The shares closed 6p higher at 60.7p. Lex, Page 12

Shares slip as Novo Nordisk disappoints

By Christopher Brown-Humes in Stockholm

Shares in Novo Nordisk slid 7 per cent yesterday after the Danish pharmaceuticals and industrial enzymes group disclosed lower first-half profits and a reduced forecast for the full year.

The group blamed the costs

Cathay Pacific ahead at HK\$803m

By Louise Lucas in Hong Kong

Cathay Pacific Airways,

Hong Kong-based international airline, yesterday reported first-half earnings of HK\$803m (US\$810m), up 18 per cent from the HK\$681m reported in the same period last year. However, the dividend is being held at 10.5

cents, which come after a 23.8 per cent drop in profits in calendar 1993 and a flat 1.9 per cent growth in 1992, were lower than the market had been expecting and reflected continuing difficulties in the airline industry, Mr Peter Sutch, chairman, said.

"Downward pressure on yields and overcapacity in the air transport industry generally, compounded by high inflation in Hong Kong, has affected our results," he said.

Cathay Pacific is tackling

these areas by increasing its focus on customer needs and identifying means of improving efficiency.

Earlier this week pilots agreed to sign new contracts increasing their working hours, and senior and middle management structures have been streamlined by 10 per cent year-on-year.

Earnings per share are in line with overall profits, to 18 cents for the interim, compared with 18 cents in the same period last year.

Revenues on passengers and excess baggage rose 12.5 per cent in the first half of this

year compared with the period last year, although yields slipped 1.8 per cent.

The number of passengers

carried increased 4.5 per cent.

Analysts said May and April yielded disappointing low traffic, especially in the light of a big jump in Japanese arrivals to the colony.

Net finance charges were down 1.5 per cent year-on-year; however, the drop in interest earnings from managed funds more than offset this decrease in interest charges.

Mr Sutch said the group traditionally enjoyed a better second half, and expected this to remain true for 1994.

Investigation into share dealing at Fust

By Ian Rodger in Zurich

A preliminary inquiry has been launched into suspicions of insider trading in the shares of Fust, a Swiss home-appliances retailer part-owned by Grands Magasins Jelmoli, a leading department stores group, in a controversial deal announced last Friday.

Shares in Fust soared to SF140 last Thursday from SF130 a week earlier, prompting Jelmoli to bring in legal advice and to begin asking for an investigation.

The Zurich prosecutor's office announced yesterday that it had started a preliminary investigation of several people with inside

knowledge of the impending buyout.

Insider trading became a criminal offence in Switzerland in 1986 but so far no one has been successfully prosecuted on an insider charge.

Meanwhile, a row continues to simmer over the terms of the deal because Jelmoli has paid a higher price to the controlling Fust family for their shares than it is offering to minority shareholders.

Mr Peter Leumann, finance director of Jelmoli, said that Mr Walter Fust, chief executive of Fust, had not wanted any offer to be made to minority shareholders because he was afraid so many shares might be turned in that the company could no longer be publicly traded.

The purchase was based on the market price of SF130 for the group's shares since February and May this year.

Jelmoli said that in accordance to minority shareholder protection provisions in a new stock exchange law coming into force next year it would make an offer to buy shares from other Fust shareholders, but only at SF130 per share.

He said that the group's financial advisers argued strongly for an offer to minority shareholders. In the end, it equivalent minimum provided in the new stock exchange law, is the market price for shares.

The bearer shares were SF130 on July 11, the day the deal was concluded. Mr Leumann said that was purely a coincidence. The price was selected because it was the market price between May and July.

Cuts in bills promised to UK electricity users

By Michael Smith in London

Each of the following years, if accepted by the companies, the controls could cut electricity prices by at least 3 per cent from next April, with further, but smaller, reductions possible in future years.

Distribution charges make up about a quarter of the typical electricity bill.

The controls represent a significant tightening of rules which have been in place since the industry's privatisation four years ago and have restricted price rises by up to 2.6 per cent.

The controls will cut allowed revenue in the 12 regional electricity companies' distribution businesses by between 11 and 17 per cent in the year from next April and will restrict price rises to below the rate of inflation minus 4 per cent.

If accepted by the companies, the controls could cut electricity prices by at least 3 per cent from next April, with further, but smaller, reductions possible in future years.

Leaked letters from Prof Littlechild's office to the companies earlier this year prompted analysts to suggest that allowed revenues could be cut by as much as 30 per cent next April with rises in subsequent years restricted to inflation minus 4 per cent.

In his report, to be released early this morning, Prof Littlechild stresses that the tightening of the controls will lead to the average domestic customer making savings of about 20 to 30 per cent over the five-year period.

Littlechild also says that the companies

allowed revenue will fall by 17 per cent in the first year and on the equivalent of an annual basis 7.5 per cent for each year of the five-year period.

The controls, suffering initial 14 per cent cuts in allowed revenue due to the annual equivalent of inflation at 5.5 per cent, and then suffering 11 per cent cuts on the equivalent of inflation at 5.5 per cent.

Any companies that reject the regulator's conclusions will have the opportunity to challenge him at the Monopolies and Mergers Commission.

Watchdog halts trading in BPA

By Peter Wise in Lisbon

Portugal's securities commission (CMVM) yesterday suspended shares in Banco Português do Atlântico amid heavy buying attributed to core shareholders defending the bank from a hostile bid by Comercial Português.

A group of 13 Portuguese companies, BPA's core share-

bought up 2m shares over the past few days, increasing their stake from 27.4 per cent to more than 30 per cent.

BPA, Portugal's fifth largest bank, is offering Es132bn (\$221m) for a controlling stake of 40 per cent of BPA, the country's second biggest.

BPA shares were quoted at Es2.860 before the CMVM suspended trading indefinitely.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

The board did not specify its reasons for suspending trading, but dealers said the move had been expected.

They had gained 10 per cent

since BCP bought 1.2m cash shares at Es3,000 a share on July 11. Dealers said the main sellers were investment funds and large shareholders.

The executive board of BPA, on which the main shareholders are represented, has formally rejected BCP's offer.

SEC urged to widen rules on 'soft-dollar' disclosure

By Patrick Harverson
in New York

Two prominent US legislators called on the Securities and Exchange Commission yesterday to introduce new rules requiring investment managers to disclose more information about their so-called "soft dollar" arrangements with securities brokers and dealers.

In a letter to Mr Arthur Levitt, the SEC's chairman, Mr Edward Markey, chairman of the House of Representatives' telecommunications and finance subcommittee, and Mr Jack Fields, senior Republican on the subcommittee, told the SEC to "give high priority to enhancing disclosure" in the soft-dollar

They [redacted] the business conflicts of interest questions about investment managers' activities, and potentially interfered with the execution of customers' orders on financial markets.

Soft dollars, known in the UK as "soft commissions", is the term given to the practice of institutional investors channelling a portion of their securities trading business through particular brokers in return for [redacted] such as the provision of brokerage research or electronic data products, or for discounts on other [redacted].

The value of commissions with such strings attached is estimated to exceed \$1bn a year in the US.

Although [redacted] legislators acknowledged in their [redacted] about [redacted] introduce new rules requiring mutual funds to disclose soft-dollar relationships with brokerage firms, they asked Mr Levitt to broaden the requirements to include not just mutual funds but all kinds of investment advisers.

The SEC is expected to issue its new rules for mutual funds today, but there was no indication yesterday that the agency would broaden the edict on soft dollars.

The legislator's concerns, however, are likely to be met sympathetically at the SEC. Mr Levitt has expressed his dissatisfaction with the soft dollar business on several occasions.

Downturn at Federated Stores

By Richard Tomkins
in New York

Federated Department Stores, the US retailer that last month succeeded in winning the rival R.H. Macy's agreement to a merger, suffered a sharp downturn in profits in its second quarter to July.

The company blamed costs associated with the integration of 10 Joseph Horne stores acquired during the period.

Net profits fell to \$25m from \$25m, but Federated said that without the one-time costs relating to the Horne acquisition, they would have more than doubled to \$19.9m.

Turnover increased by 6 per cent to \$1.6bn, while increased efficiency helped [redacted] group lower operating expenses to 35.5 per cent of sales from 36 per cent.

Earnings per share fell to 3 cents from 7 cents, but would have risen to 16 cents [redacted] the one-time costs.

Federated Department Stores' income for the first six months was \$36m with the one-time costs and \$52.1m without them. The comparable figure was \$30.6m before an extraordinary item.

R.H. Macy is in Chapter 11 bankruptcy protection but last month Federated reached

agreement with Macy and its creditors on a \$41m reorganisation plan that would bring Macy's store chains under Federated's ownership.

Yesterday Mr Alan Questrom, Federated's chairman and executive, said he expected the reorganisation and merger to be completed by the end of the fourth quarter.

Mr Questrom added that the existing operations would seek to improve profitability further in [redacted] by keeping costs under control while focusing on an acceleration in store-for-store sales growth in the 3 to 4 per cent range.

Confederation Life to sell UK arm

By Scheherazade Denehyku

Confederation Life, Canada's fifth largest insurer, is to sell off its entire UK operation.

The financially troubled insurer said talks were under way with a "financial services company of significant financial strength" for the sale of Confederation UK Holdings, which made pre-tax profits in 1993 of £27.9m (US\$43.24m) against £14.5m in 1992.

Premium income last year was £658m, compared with £715m.

Mr Alec Wright, communications manager for the UK operation, said the sale would be used to restore the parent company's capital base which had suffered as a result of falls in property values since the late 1980s.

Confederation's UK arm, which began trading in 1906, is one of the leading providers of pooled pension products for medium-sized companies.

The mixed pooled fund is the second largest in the UK with assets of £2.8bn and the

investment management division has £5.4bn of assets under management.

Agents [redacted] of unit-linked individual insurance contracts, including standard [redacted] savings products.

The announcement follows year-long talks with Great-West Life Assurance, which is controlled by Montreal-based Power Corporation, about a capital injection and the disposal of part or all of the UK operation.

The transaction is valued at about £65m.

Armcoc recorded a £45m charge against 1993 fourth-quarter earnings in connection with the proposed sale.

NEW ISSUE

This announcement appears as a matter of record only.

10th August, 1994



KAWASAKI HEAVY INDUSTRIES, LTD.

¥20,000,000,000

1/2 per cent. Convertible Bonds due 1998

ISSUE PRICE 100 PER CENT.

Nomura International

DKB International

J. Henry Schroder Wag & Co. Limited

First Boston

Goldman Sachs International

Morgan Stanley & Co.

N M Rothschild and Smith New Court

Salomon Brothers International Limited

S.G. Warburg Securities

Robert Fleming & Co. Limited

Yamaichi International (Europe) Limited

Daiwa Europe Limited

IBJ International plc

Nikko Europe Plc

Sanwa Financial International Limited

Swiss Bank Corporation

INTERNATIONAL COMPANIES AND FINANCE

O&Y's US creditors in foreclosure proceedings

By Browne Maddox
in New York

Creditors of the US arm of Olympia & York, failed Canadian property group, said they no longer intend to pay O&Y \$3.5m under the terms of a deal struck in March.

The unofficial committee of the creditors, who held \$20m in bonds secured by a property in lower Manhattan, added they would begin foreclosure proceedings this week to gain ownership of the building.

The move was prompted by "Olympia & York's unwillingness or inability to address in a timely manner major substantive issues" of its reorganisation, the committee said.

In March, the holders of mortgage notes secured by the property, 58 Maiden Lane, agreed to pay O&Y \$3.5m in return for an agreement to transfer ownership.

The deal was seen as quieting a combative group of creditors at a time when the group was struggling to restructure \$5bn of debt.

The creditors say they are taking a "non-concessional approach" to securing ownership. They plan to file a foreclosure complaint, the first step of proceedings, with the Supreme Court of New York state later this week.

NationBank of Tennessee, the trustee for the mortgage notes, which will pursue foreclosure proceedings under the committee's direction, will file suit \$7m to note-holders on August 22 from excess cash-flow generated by the building, the committee said.

Armcoc sells off insurance operations

Armcoc, the US steel group, is selling its on-going insurance operations to Vilk Brothers Insurance, a privately held, property and casualty insurance holding company, AP-DJ reports...

The transaction is valued at about \$65m.

Armcoc recorded a £45m charge against 1993 fourth-quarter earnings in connection with the proposed sale.

An Internet for business users

IBM sees global networking as the new trend in IT, writes Louise Kehoe

International [redacted] put global networking [redacted]

[redacted] computer company is setting up business [redacted]

networking services and applications, signalling its intention to leapfrog competitors in what it believes is a new trend in information technology.

"Network-centric computing will be the next big thing in information technology," says Mr Cannavino, IBM senior vice-president of strategy and development.

In previous years, from [redacted] processing to desktop computing in the [redacted] and later to [redacted]

"The computing environment of the future is one [redacted] will do much [redacted] transport information [redacted]

and [redacted] are [redacted]

in high-speed voice and data networks. In [redacted] vision of network-centric computing, users have access to information anytime, anywhere, in the client-server computing.

The IBM [redacted]

unit will pull together [redacted] networking services [redacted] around the world. The new group will initially [redacted] voice and data services for business customers.

IBM already provides data network services in about 700 large cities around the world.

In the workplace, intelligent

agents might perform different kinds of [redacted]

things that you don't have to do yourself," says Mr Cannavino. With such [redacted]

very powerful new mechanisms for increasing business and personal productivity."

For example, "intelligent agents" will be a boon for [redacted] computer users and [redacted]

which can search for information on databases linked to a network and automatically [redacted]

to pre-arranged computer systems.

In the workplace, intelligent

agents might perform different kinds of [redacted]

things that you don't have to do yourself," says Mr Cannavino. With such [redacted]

very powerful new mechanisms for increasing business and personal productivity."

Moreover, unlike [redacted] telephone companies IBM [redacted] not aim to build a vast physical network infrastructure.

Instead, IBM will focus on providing information services via [redacted] and other [redacted]

"Are we itching [redacted] AT&T? No, but we are going to run our [redacted] either," says Mr Cannavino.

senger traffic and a [redacted] per cent in yield or revenue per passenger mile.

He said that even without gain from the restructuring of its former Gemini [redacted] service, Air Canada [redacted] well positioned to "achieve a goal of [redacted] least break-even [redacted] in [redacted].

Second-quarter operating revenues were up 7 per cent from a year earlier, with [redacted] gain in [redacted]

and higher productivity is having a double impact on improving our financial results."

He said that even without gain from the restructuring of its former Gemini [redacted] service, Air Canada [redacted] well positioned to "achieve a goal of [redacted] least break-even [redacted] in [redacted].

Second-quarter operating revenues were up 7 per cent from a year earlier, with [redacted] gain in [redacted]

C\$61m, up C\$40m (excluding [redacted]).

Mr Hollis Harris, chairman of Canada's biggest airline, said the air travel market was strengthening in Canada and on international routes.

"The second-quarter results were impressive considering that we had to convert to a new passenger reservation system."

Operating income [redacted]

Air Canada continues strong profits recovery

By Robert Gibbons in Montreal

Air Canada continued [redacted] strong recovery in the second quarter, turning in net profits of C\$27m (US\$18.5m) or 22 cents a share, up from C\$14m or 19 cents a share a year earlier.

But the [redacted] quarter [redacted] a special C\$4m fuel [redacted]

rebate, as the underlying [redacted]

upswing was [redacted]

Operating income [redacted]

and higher productivity is having a double impact on improving our financial results."

He said that even without gain from the restructuring of its former Gemini [redacted] service, Air Canada [redacted] well positioned to "achieve a goal of [redacted] least break-even [redacted] in [redacted].

Second-quarter operating revenues were up 7 per cent from a year earlier, with [redacted] gain in [redacted]

company, Saveco, recently [redacted] its first outlet and is poised to open more.

Siam Makro expects to increase sales this year to [redacted]

more than C\$180m and to make a net profit of more than C\$30m. Two of its stores in Bangkok are in the top five Makro stores worldwide measured by sales per square metre, a remarkable record given that average purchasing power is still much lower than in the west.

"If we can get there first, it will be profitable for us," says Mr Ian Hamilton, Siam Makro president. "If our competitors get there first, it won't be profitable for either them or us."

Siam Makro has raised nearly Bt2bn (80m) with its initial public offering of 40m shares - just over 18 per cent of the company - Bt60 a share.

The offering is regarded as a test case by SHV and could be emulated elsewhere if the flotation is deemed to be a success. Makro runs 120 stores in 16 countries.

There are already eight stores in Thailand, and Siam Makro intends to expand at the rate of two or three stores a year to counter expected competition. A local cash-and-carry

store is growing.

"We are the first one in town to break into what was a supplier's market," says Ms Yosavanne Tulayathien, Siam Makro finance director.

Siam Makro will avoid competing head-on with the emerging supermarket retail sector and

on its core business of wholesaling high [redacted] food to small [redacted] - all 450,000 Makro stores in Thailand [redacted] have business [redacted]

- but the company's [redacted] been surprised by [redacted] success of non-food products [redacted] for personal use.

About 45 per cent of Makro's turnover in Thailand is currently accounted for by sales of these items, such as televisions and clothes, and the gross profit margin of 12 per cent is double the margin for food items, the company says.

This partly reflects the inefficiency of the existing retail sector in Thailand and may not last. But Siam Makro is confident enough to be planning to open separate retail outlets for office equipment, starting in the first quarter of next year.

Small businesses will remain the main customers of Siam Makro, Mr Hamilton believes.

If corner shops are squeezed by big retailers as they have been in Europe, there will be new customers for cash-and-carry stores as service industries such as bars profit from the country's growing wealth.

</

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Tokyo to ease Japan Tobacco flotation

By Enrico Terazono in Tokyo

The Tokyo stock exchange is introducing measures to curb excessive price movements in Japan Tobacco shares which are scheduled to be listed on October 27.

Stock exchange officials are meeting to repeat the following the listing of East Japan Tobacco (JR East) shares last October, when a computer system broke down due to sell orders in the stock, which affected trading.

On the first trading day, price fluctuations will be limited to within 30 per cent of the public offering price, the TSE said.

If JT shares bid-only ask-only prices deviating more than 30 per cent from the public offering price, trade in JT shares will be halted immediately.

In addition, the exchange will require first-day investors to settle on the same day rather than allowing a four-day delay.

ASE to trade 'ratio' contracts

The Australian Stock Exchange is to launch "price ratio" contracts, based on the performance of individual stocks relative to the All Ordinaries index, writes Tracy Corrigan.

The contracts will be traded on the Stock Exchange Automated Trading System (SAT) and through derivatives clearing houses.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

Arguments grow for muffling open outcry

After-hours screen trading for options at Liffe, scheduled for the end of the year, is set to give a new kick to the argument that open outcry should be muffled.

The traditional practice whereby traders in gaudy jackets crowd into a pit the size of a boxing ring to make deals is seen by supporters as the most efficient way of dealing. But some of the marketmaking firms in the UK say it is strangling in options — instruments giving the right to buy or sell shares at a fixed price.

Mr Gerald Freedman, director of derivatives at integrated securities house Smith & Court, says change must come: "The truth is that the market has been so rotten for the past four or five years that there is not much to lose."

The case against open outcry boils down to transparency. A big firm might want to buy

call options to give the right to buy shares at a later date. The marketmaker has the duty to provide those shares if the option is exercised, and has to buy them in the market in order to hedge the position. However,

initially they will immediately mark the share price higher.

Smith & Court argues that if option dealing is screen-based, the deal would be instantly visible before the identity of the buyer could be known.

"As far as the big integrated firms are concerned, the market itself would enormously increase the volume that anonymity would generate," he claims.

While volume in NYSE futures and options has boomed, stock option

has refused to budge. Many of the UK's biggest companies see the daily equivalent of less than 100,000 shares changing hands in the form of options. Average turnover was more than 40,000 contracts a day

unseen among the independent traders, known as "locals", who trade their own capital on Liffe. Although locals are very active in options, they worry that if stock options go to open outcry then other concerns might follow.

But Ms Karin Forssele, director of equity products at Liffe, says the automated system being developed will not be ready until either the end of this year or early next year and will then only be used for after-hours dealing.

"Open outcry is an effective way of trading some of the world's most successful products," she says. "There is nothing that has proved to me that an automated environment will be better." She claims that the problems with the options are not due to a lack of transparency in the underlying stock market where big trades can be hidden for between 90 minutes and five days.

There is also a frisson of

anticipation over leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity.

The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

First offer backed by aircraft leases

By Claus Middelmann
and Tracy Cartlidge

Liffe Brothers yesterday launched the first global offering of leases backed by aircraft, a \$150m nine-tranche deal for Swiss Portofino Securitisation.

The launch is a special pur-

INTERNATIONAL BONDS

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

announced aircraft leases, but the drying-up of tax-driven lease financing in the Japanese market has raised questions over more activity. The Royal Bank of Scotland has started a floating-rate lease with S.G. Warburg Securities. The deal is structured in such a way that interest will not accrue on days when six-month Libor exceeds 10 per cent; in return for this risk, investors receive a range of 6-month Libor plus 10 basis points. The deal will be funded from banks, corporates, insurance companies and many mutual funds, said Michael Atkinson, head manager.

Unicredit's Italian Clearing made the structured market debut with \$100m of 10-year

leases on September 1.

Leasing is a special pur-

pose vehicle which has bought the leases from Lufthansa Group, now owned by General Electric of the US. The issuer of the bonds is GE Capital Aviation Services.

Initial trading will cover ANZ Banking, Broken Hill Proprietary, National Australia Bank, New Corp, WMC and Westpac.

Only a small number of companies, including GPA and Virgin Airlines, have so far

ann

ures ease
of auction

WPP meets City expectations

By Diane Summers,
Marketing Correspondent

WPP, the marketing services company, yesterday reported pre-tax profits of £36.2m for the half year to June 30 - up 50 per cent and in line with expectations - and put the flotation of part of its market research business onto the back burner.

In March WPP said the flotation, intended to help cut debt, was likely this year and would yield up to £300m (£210m). The group had been saying more recently that adverse market conditions meant that the timing was being kept under review.

Yesterday the board said it was continuing to consider various forms of financing and ways of strengthening the capital structure, but "the improvement in profitability and cashflow and the achievement

of the group's financial objectives so far this year has lessened the need to examine these alternatives".

Revenues fell by 13 per cent to £690.5m (£599.7m), mainly because of disposals. However, on a like-for-like and constant currency basis, revenues rose by more than 10 per cent.

Operating margins improved from 6.1 per cent to 7.3 per cent. Mr Martin Sorrell, chief executive, said that margins were ahead of the group's financial objectives, but still below the benchmark of 10 to 11 per cent achieved by WPP's best-performing competitors.

Fully-diluted earnings per share rose to 2.6p (1.7p). An interim dividend of 1.35p is declared.

A statement on future prospects was cautious: the group said May and June had been the best two consecutive months

for two-and-a-half years, but overall the first six months had been "patchy and inconsistent". The uncertain pattern of activity "may reflect tax increases on both sides of the Atlantic and continued concern about job security among consumers and management". Plans, budgets and forecasts of revenues were being made on a "conservative basis".

Net debt averaged £280m in the first half, down 25 per cent from £372m. The group benefited from a £25m rights issue in March 1993.

The beginning of next month will see the banks, which bailed WPP out two years ago in a £371.6m debt-for-equity swap, free to sell their 150m shares, which represent 26.5 per cent of the enlarged share capital.

See Lex

Slimmer TDG advances to £17m

By Simon Davies

Transport Development Group made pre-tax profits of £17m for the six months to end-June, compared with £3.5m in 1993, but exceptional items masked sharply reduced profits from the core distribution division.

Profit margins from UK distribution almost halved to 4.4 per cent because of increasing competition, the loss of some profitable contracts and the non-recurrence of strong profits from its French drinks distribution arm.

Turnover fell 9 per cent from

decline from continuing operations was only 5.4 per cent. Operating profit fell only marginally lower to £15.7m (£15.5m).

The results were distorted by

the impact of business disposals and closures during both years, as TDG responded in the wake of an increasingly harsh operating environment.

The company made a £1.3m exceptional profit in this stage, which came from the UK, Australia and compared

loss in 1993.

TDG has completed its disposal programme with £23m of this reported profits by

It has reduced gearing to 0.6 per cent, and is now looking for acquisition opportunities. A further £12m of disposals will be recorded in the second half.

The distribution division is putting emphasis on the "safer" industrial market,

where it has won significant new business. The company plans to invest £17.5m in organic growth.

The hire division has performed more profitably, being an earlier beneficiary of economic recovery. The group invested £8.5m in the first half and plans to invest a similar amount in the second.

The transport division has been the focus of disposals of lossmaking operations, and it saw a resultant turnaround. However, storage declined, because of the reduction of some of the European Commission's food mountains.

Overall, the management said it was confident that its spread of businesses "gives us a sound and broad base from which to move ahead steadily."

TDG is paying an unchanged interim dividend of 3p, payable from earnings per share of 7.62p (1.62p losses).

COMMENT For what was considered a belittled stock, TDG is having problems matching the economic recovery. Its hire division has benefited from increased industrial activity, but distribution remains bogged down by competition. The second half will remain tough, and profits of about £23m are expected, putting the shares on a p/e of 14.7. As gearing falls to zero, thoughts are turning towards acquisitions, and investors would be wise to see what management comes up with before backing a recovery, which still appears some way hence.

TDG is paying an unchanged interim dividend of 3p, payable from earnings per share of 7.62p (1.62p losses).

The company has performed more profitably, being an earlier beneficiary of economic recovery. The group invested £8.5m in the first half and plans to invest a similar amount in the second.

The transport division has been the focus of disposals of lossmaking operations, and it saw a resultant turnaround. However, storage declined, because of the reduction of some of the European Commission's food mountains.

Overall, the management said it was confident that its spread of businesses "gives us a sound and broad base from which to move ahead steadily."

Signet frees itself of Salisburys in £3m deal

By Neil Buckley

bers of less than two years' standing as a way of trying to prevent speculative flows of money between societies on the basis of rumours.

Since C&G said last month that it did not intend to appeal against the judgment, attention has focused on the setting of a new date at which the two-year period starts, the most likely way of making the scheme work while still achieving the high levels of member approval.

Borrowers are unlikely to receive payments under the new scheme.

The Commission is expected today to say only that it will consider the new scheme, but that will be taken as a sign that it does not intend to challenge it in court.

C&G to reveal new plans to share £1.8bn bid cash

By Alison Smith

A revised scheme for sharing out the £1.8m cash offered by Lloyds Bank for Cheltenham & Gloucester Building Society will be announced today.

The agreed bid suffered a setback in June when the original scheme was found by the High Court to be unlawful. The Building Societies Commission, the sector's statutory regulator, had argued that it contravened the 1986 Building Societies Act. C&G, the UK's sixth-largest society, had planned to split the £1.8m among its 1.4m borrowing and investing members, with most receiving a minimum of £200 and a maximum of £10,000 per investment account.

The Act does not allow cash payments to investing mem-

bers of less than two years' standing as a way of trying to prevent speculative flows of money between societies on the basis of rumours.

Since C&G said last month that it did not intend to appeal against the judgment, attention has focused on the setting of a new date at which the two-year period starts, the most likely way of making the scheme work while still achieving the high levels of member approval.

Borrowers are unlikely to receive payments under the new scheme.

The Commission is expected today to say only that it will consider the new scheme, but that will be taken as a sign that it does not intend to challenge it in court.

Signet, the jewellery group formerly known as Ratners, is selling its lossmaking Salisburys luggage and handbag chain for £2.1m to Mr Stephen Hincliffe, former chairman of James Wilkes and Lynn Holdings.

Signet is receiving £2.75m immediately in cash and £260,000 later relating to inter-company debt.

The group made a £97.1m provision in its full-year results in May to cover the proposed disposal of the 17-store chain, including a £10.2m write-down of the value of its

Mr James MacAdam, Signet chairman, said that despite

Salisburys had incurred a

£5.3m loss on sales of £54.4m.

Signet will keep an interest in a warehouse in Crawley, West Sussex, which will require a provision of up to £1.5m to cover carrying and disposal costs.

Mr Hincliffe is funding the purchase himself and has formed a new company, Salisburys Stores, to run the outlets.

"We can return to profits a lot faster than people imagine," he said. "There is nothing wrong with the fabric of the business".

Mr Hincliffe has successfully restored a retailing business to profitability before. In 1987 he joined a management buy-out at Wades department stores from Associated Dairies, and later sold the company to Waring & Gillow.

Upton may take legal action over Reject buy

By Chris Tighe and Norma Cohen

Upton ■ Southern, the department store group, ■ yesterday it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

The company said its

share price had fallen 25 per cent from £2.75p to 1.62p.

Upton said it was considering legal action not only against some former directors of the Reject Shop but also against its financial advisers.

Upton said on Tuesday that the financial and trading position of Reject Shop, the house-holds goods retailer it bought in February, was materially worse than represented at the time of the deal.

COMPANY NEWS: UK

Capital Shopping loses chief

By Simon Davies

Mr Brian Jolly, the chief executive who helped build Capital Shopping Centres into the leading regional shopping company, is to retire due to ill health less than 5 months after the flotation.

The announcement was made as CSC issued maiden results, showing interim tax profits of £1.2m for the period to June 30 - effectively for only three months.

The retirement came as a shock for investors. Mr Jolly one of two key figures from Capital Counties, the Transatlantic subsidiary built the CSC portfolio. Mr Donald Gordon, chairman, said a replacement should be in place by "the end of the holiday season".

CSC's strong growth from its core portfolio of seven shopping centres on a pro-forma basis, rental income up by 17 per cent from £17m to £19.9m, although this included a substantial impact from the phasing out of rent free periods.

Lakeside ■ Thurrock, its flagship property, saw income rise 18 per cent to £10.5m, with turnover recording double digit growth.

Mr Gordon expects Lakeside to be a substantial beneficiary of Sunday trading, which begins on August 28 and should improve income from turnover rentals.

The Harlequin Shopping Centre in Watford, its second largest property, increased profits from £2.4m to £4m and reduced bad debts from £1.1m to £200,000.

CSC has £120m of cash, and Mr Gordon said it was looking for opportunities to invest in other regional shopping centres.

He said there had been no discussions, but it would be logical for CSC to look for a tie-up with Blue Water Park,

the shopping centre development across the Thames from Lakeside.

The 230-acre site was recently purchased by an Australian property company and could impinge upon Lakeside's client base, although that with 1m people within an hour's drive, competition is hardly a problem.

Earnings per share were 1.9p; no interim dividend is declared but the company intends to pay a final of at least 5p.

• COMMENT

CSC's main problem, which it sees as a virtue, is its high level of gearing. With a net cash position, it will offer more than pedestrian increases in net assets. It should expect a year end net asset value of 1.9p, leaving the share at a premium of 10 per cent based on yesterday's closing down 2p.

Brian Jolly: ill health forces untimely retirement

should be about 225m. Management has the dilemma of needing an acquisition at a time when competition is pushing up prices. Investors should leave judgment until they deliver.

Vimto production under way in Russia

By Graham Deller

JN Nichols (Vimto), the soft drinks manufacturer, yesterday said that local production of its core product - the mixed fruit juice drink - in the Midlands and north of England - had started in Moscow.

Exports have previously centred on export markets such as Saudi Arabia and Kuwait, but this is the product of the Russian capital and St Petersburg had been exceptional since its launch in cans into the former Soviet Union.

"This is the culmination of six months of strong export performance around the world," said Mr Deller, managing director.

The announcement accompanied results for the six months to June 30 showing 11 per cent expansion in pre-tax profits from £2.4m to £2.76m, on turnover from continuing operations up 11 per cent. Growth in international markets was fuelled by higher domestic sales, better weather and increased market penetration via the new Vimto Drinks division.

In northern Europe, the introduction of a delivery facility had produced a good start and an experimental service for Mothers' Day in France had produced "encouraging results".

Half-year earnings per share rose from 1.54p to 2.36p; an interim dividend to UK holders of 1.75p gross, net of Jersey tax, is declared.

The interim dividend is 2.16p, payable from earnings of £2.76m.

Chamberlain oversubscribed

The intermediaries offer from Chamberlain Phipps, the shoe components and footwear manufacturer, was subscribed 1.8 times.

Of the placing and offer of 1.2m shares at 165p a piece, 15.5m were placed with investors. Of the balance, applications were received for 1.4m.

Deals are expected to start on August 15.

Westminster Health Care shows sharp gain to £11.2m

By Peggy Hollinger

Westminster Health Care, the nursing homes group, completed its first full year as a listed company with pre-tax profits more than doubled to £11.2m, compared with £4.3m.

The results were at the top end of analysts' expectations and the shares rose by 4 per cent to 33p.

The strong profit performance was fuelled by price increases, controls and a 54m drop in net financial charges to £768,000 following the flotation last year. Profits before interest and tax for the year to May 30 were 33 per cent higher at £12m, on sales ahead 36 per cent to 250m. Gross margins were stable at 32 per cent.

Mr Pat Carter, chief executive, was bullish about prospects for the current year, which had been "very encouragingly". Westminster intended to add some beds a year for the future, he said. This compared with the group's growing speciality of caring for patients with dementia.

Westminster finished the year with 3,947 beds.

Prices were increased by 6 per cent last year, partly due to new developments in the more expensive market of south-east England.

Occupancy levels fell slightly from 93 per cent to 92 per cent as a result of the implementation of the Community Care Act.

The final dividend is 2.75p, for a 4.5p total. This is 20 per cent higher than the pro forma dividend included in the flotation prospectus. Earnings rose by 46 per cent to 18.7p.

• COMMENT Westminster is careful in the balance between the lucrative and the more by mixing private and state-funded patients. The fruits of that strategy are showing through and could bring intermediate tasks which could fit the group's skill profile. Westminster's experiments with the Woodmill Hospital - virtually dedicated to NHS patients seeking eye or cataract operations - appear to be paying off, but it is still early days. Fears of a rights issue to fund expansion are premature for the moment, although there is certain to come back to shareholders within the next two years. This is only a concern in the management story to unravel. For now, for £14.1m this is 15 times. The premium rating is to be

Redrow expands in the south

Redrow Group, the housebuilder which came to the market earlier this year, is further extending operations in the south of England with the acquisition of the majority of the assets of Gudgeon Homes for £1.2m.

The deal will add 300 plots to the land bank of Redrow Homes (South East) and strengthen the company's regional presence established through the acquisition of Gudgeon Homes in July 1993.

The acquisition involved a large amount of work-in-progress and redevelopment of former Royal Marine barracks at Eastney, near Portsmouth. Further new sites at Portsmouth and Fareham are included in the deal.

The schemes will have an overall development value of about £15m and provide an immediate profit contribution. This will further increase available within Redrow Homes (South East).

Flying Flowers leaps 89%

By Gary Evans

The acquisition of DPA Direct in March, last year, growth at Jersey-based Flying Flowers, which saw pre-tax profits jump 18 per cent from £1.2m in the six months to July 1.

DPA, which specialises in reader services in the UK national press, contributed to a 20 per cent increase in pre-tax profits than achieved in the previous year.

Mr Trevor Goldsmith, chairman, said the acquisition was

proving encouraging. "DPA's strong relationship with certain national newspapers has produced excellent results and we are exploring opportunities to continue development and expansion which will benefit all areas of the group," he said.

He continued that the company, which joined the market a year ago, did not expect the first-half growth rate to continue "at quite the same level". However, with all divisions doing well, he added forward to another year.

A continuing healthy level of off-peak and peak packs

than lower-than-expected order levels for Mother's Day in the UK, which this year was earlier than usual, requiring orders to be received in February rather than March.

In northern Europe, the introduction of a delivery facility had produced a good start and an experimental service for Mothers' Day in France had produced "encouraging results".

Half-year earnings per share rose from 1.54p to 2.36p; an interim dividend to UK holders of 1.75p gross, net of Jersey tax, is declared.

Shirescot net asset value declines 5%

High-Yielding Share Companies Trust reported a fully diluted net asset value of 138.4p per ordinary share at June 30, a decline of some 5 per cent on the year and value 148.8p.

The trust reported a 3.6 per cent fall in its total return for the six months, outperforming

the FT-SE-A All Share Index, which dropped 11.3 per cent over the same period but lagged the Hores Small Smaller Companies Index, down just 1.7 per cent.

Net revenue amounted to £10.001 million for fully diluted earnings of 2.79p (3.09p) per share.

An annual interim dividend of 1.2p brings the total to date to 3.4p; the trustees reiterated their intention to pay not less than 5.4p for the full year.

Deals are expected to start on August 15.

Akzo Nobel N.V. (formerly Akzo N.V.)

Office at Arnhem, the Netherlands

Report for the 1st half 1994*

| CONSOLIDATED STATEMENT OF INCOME | | January-June 1994 | 1993 |
|------------------------------------------------------------------------------|----------|----------------------|------|
| Millions of guilders (NLG) | | | |
| Operating income | 11,341 | 10,584 | |
| Operating charges | (10,329) | (9,866) | |
| Operating income | 1,012 | 718 | |
| Financing charges | (149) | (139) | |
| Operating income | 863 | 579 | |
| financing charges | (251) | (145) | |
| Earnings of consolidated companies from operations, after minority interests | 612 | 434 | |
| Earnings of consolidated companies | 46 | 45 | |
| Extraordinary | (75) | (41) | |
| Earnings of minority interests | 583 | 438 | |
| Minority interests | (14) | (5) | |
| Net income | 569 | 433 | |
| Net income per share, in NLG before extraordinary items | 8.01 | 6.10 | |
| Net income per share, in NLG stock, in NLG | 8.07 | 6.67 | |
| Total | 71,028 | 71,023 | |

| SALES AND OPERATING INCOME BY GROUP | | January-June 1994 | Operating Income January-June 1994 | January-June 1995 |
|-------------------------------------|--------|----------------------|------------------------------------------|----------------------|
| Chemicals | 4,082 | 3,794 | Chemicals | 372 |
| Coatings | 3,492 | 3,514 | Coatings | 285 |
| Pharma | 1,925 | 1,767 | Pharma | 330 |
| Other products and intercompany | 1,849 | 1,700 | Fibres | 58 |
| Total | 11,541 | 10,584 | Total | 1,012 |

* The data included in this report are unaudited.

** For the first half of 1993 pro forma Akzo Nobel figures are stated, as a comparison with the pre-merger Akzo N.V. is meaningful. For the

assumptions on which these figures are based, reference is made to the complete report below.

*** At December 31, 1993

Akzo Nobel's net income per share for the first half of 1994 amounted to NLG 8.01, against a pro forma figure of NLG 6.10 for the same period of 1993.

The NLG 8.01 compares favourably with the pre-merger NLG 7.11 for the same period of 1993.

Outlook The sales volume increase in Europe in the first half year reflects that the recession in this region is bottoming out and that some recovery of the economy is noticeable. Economic growth in the United States continues.

Akzo Nobel's results in the second half of 1994 will compare favourably with the corresponding period of 1993.

Amhem, August 5, 1994

The Board of Management

Copies of the complete report may be obtained from the London Paying Agents:

Bank PLC, BGSS Depository Services, 168 Fenchurch Street, EC3P 3HP and

International Service, 16th Floor, Mariner House, London EC3N 4DA.

The report for the 3rd quarter of 1994 will be published on November 2.



Brian Jolly: ill health forces untimely retirement

Beales Hunter ahead 18%

By Jean Marshall

Beales Hunter, the electrical and refrigeration equipment group which is involved in the manufacture of men's clothing, lifted pre-tax profits by 18 per cent to £275,000.

Mr Michael Tittle, chairman, said the results were encouragingly.

On turnover up from £25.6m, including £2.1m from acquisitions, profits moved ahead 18 per cent to £275,000.

Pre-tax profit was £17,000.

Mr Tittle said: "We are delighted with the performance during a period of change. The recent privatisation of production in India will reap further rewards in the future."

The interim dividend is 2.16p, payable from earnings of £2.75m.

The final dividend is 2.75p, for a 4.5p total. This is 20 per cent higher than the pro forma dividend included in the flotation.

Mr Tittle added: "We are optimistic about the performance during a period of change. The recent privatisation of production in India will reap further rewards in the future."

On turnover up from £25.6m, including £2.1m from acquisitions, profits moved ahead 18 per cent to £275,000.

Pre-tax profit was £17,000.

Mr Tittle said: "We are delighted with the performance during a period of change. The recent privatisation of production in India will reap further rewards in the future."

The interim dividend is 2.16p, payable from earnings of £2.75m.

The final dividend is 2.75p, for a 4.5p total. This is 20 per cent higher than the pro forma dividend included in the flotation.

COMPANY NEWS: UK

Soap wars may affect Hickson

By Tim Burt

Hickson International, the speciality chemicals group, yesterday warned it could be dragged into the "soap war" between Unilever and Procter & Gamble.

The group said the controversy had "reduced the upside potential" of PharmaChem, its detergent and chemicals subsidiary that supplies the manganese bleach used in Unilever's new soap powder.

Procter & Gamble has mounted a high-profile campaign against the so-called accelerator, claiming it leaves some clothes holed and faded.

While admitting a possible short-term impact on PharmaChem, Sir Gordon Jones, Hickson's chairman, said: "It is not yet possible to evaluate the extent to which this will constrain profit recovery in 1995."

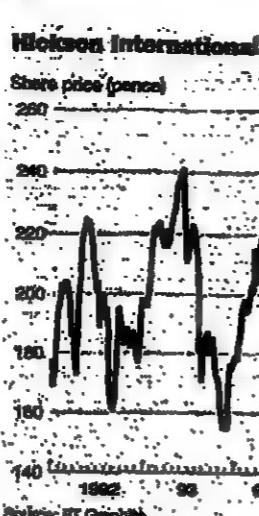
The group has a contract to supply Lever Brothers, the UK detergents subsidiary of Unilever, until mid-1995. But analysts warned that the row could hit orders.

Lever Brothers, however, said the ingredient would be used in its restyled Surf and Radox brands, although no mention of the accelerator would be made in adverts.

Shares in Hickson, meanwhile, fell 9p to 153p yesterday as the group announced pre-tax profits in the six months to June 30 virtually unchanged at £2.1m on turnover ahead 5 per cent at £208.4m (£198.5m).

Profits at performance products, a core division which manufactures agrochemicals, sulphur-based products and personal care ingredients, fell 20 per cent to £4.7m despite increased sales of £76.3m (£69m). The decline was due largely to difficulties at Kerley, the division's US subsidiary, which was hit by low sulphur prices and over-capacity.

Pricing pressure in North



America also affected the production and coatings business. It reported operating profits of £8.5m (£8.1m) on sales of £21.1m (£20.1m).

Group operating profits, however, rose 9 per cent to £16.7m following an improved performance at Fine Chemicals, including a full-year contribution from PharmaChem. It helped lift divisional profits to £7.5m (£3.9m).

Earnings per share rose to 5.8p (4.8p) and the interim dividend is maintained at 2.85p.

COMMENT

Hickson has prepared for the possibility of Unilever pulling the plug on its accelerator product. Its PharmaChem plant can be used for other products, and the group has devoted increased resources to improving coatings sales in Europe and reducing its overcapacity at Kerley. Better divisional management and reduced operating costs are also expected to help full-year profits reach £23m. On a forward multiple of 18 the shares look demanding enough given the uncertainty over PharmaChem.

O'Reilly lifts stake in SA newspaper group

By Tim Coone in Dublin

Independent Newspapers, the Irish publishing group controlled by Mr Tony O'Reilly, has lifted its stake in Argus Newspapers, the largest newspaper group in South Africa, from 30.1 per cent to 34.6 per cent, the maximum level permitted without triggering a full bid.

The additional 2.3m shares, taking Independent's stake to a total of 15.8m shares, were bought for R25.8m (£4.5m), or R11.74 per share.

This brings the total investment in the Argus group by

Independent Newspapers to R125m since last July, when it bought its initial stake in a share-swap deal with Johannesburg Consolidated Investment Company and Anglo-American Corporation.

Independent Newspapers is the largest single shareholder in Argus Newspapers. The only other significant shareholder is the Argus pension fund, which holds 10 per cent.

Mr James Parkinson, group finance director of Independent Newspapers, said yesterday that a full bid for Argus Newspapers was not being contemplated.

Scholes 63% ahead to £7.02m

Scholes Group, a supplier of industrial installation equipment, reported a 63 per cent advance in pre-tax profits from £4.3m to £7.02m for the year to June 30. Turnover grew from £24.1m to £27.6m.

In the home market, volumes were slightly below last year, while exports were buoyant, with turnover up 17 per cent. Operating profits rose 50 per cent from £4.8m to £7.2m.

Earnings emerged at 7.7p (7.7p). There being no final dividend, the 1.7p (1.6p) interim is the sole distribution for the year. Last year's total was 5p.

Ward Holdings
Ward Holdings, the housebuilder and property group, returned to the black with a pre-tax profit of £2.08m for the six months to April 30.

The outcome compared with profits of £247,000, and was struck on turnover down by almost £2m to £17.7m.

banks' income growth.

The problems of the finance houses at the turn of the decade were due to three factors:

- Broad-based finance houses in a range of operations, such as Lombard and Forward Trust, were heavily exposed to the froth of the last boom. They financed office equipment and plant leasing for smaller companies in the south-east. This meant that bad debts rose sharply in the recession.

- Finance houses tended to boost profits by mismatching assets and liabilities, using short-term variable rate money to fund long-term fixed rate assets. Interest rate rises in the late 1980s "caught them off guard," says Mr Graham Picken, Forward Trust chief executive.

- The finance houses tended to be poorly-managed and focused businesses, which grew rapidly in the mid-1980s and allowed costs to escalate.

Lombard and North Central, the two main finance houses, have cut staff from 5,600 to 4,000, in a restructuring that split its business into three operating sectors.

Not all finance houses survived such travails. Mercantile Credit, Barclays' former finance house, was split in 1990 and the vehicle finance personal sector arms were sold to GE Capital.

A combination of asset re-pricing, cost-cutting and more cautious treasury policy has since enabled the survivors to re-build on a sounder footing.

"There was some re-grouping, which meant that competitive pressures lessened somewhat," says Mr Brian Carte,

who joined the finance house in 1990.

Finance houses appear to be gaining from some structural shifts. One is manufacturers' use of point-of-sale finance. Customers have been offered low and zero interest finance, where a finance house provides a loan, and the manufacturer pays

interest on the capital.

However, finance houses appear to be gaining from some structural shifts. One is manufacturers' use of point-of-sale finance. Customers have been offered low and zero interest finance, where a finance house provides a loan, and the manufacturer pays

interest on the capital.

exports

tion and limit impor-

tation

and the

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873-4378 for more information.

LUXEMBOURG (SIS RECOGNITION)

MARKETS REPORT

Political woes hit lira

The ongoing woes of the Berlusconi government yesterday prompted further weakness in the Italian lira, **Philip Gavith**.

The dispute about a series of government advertisements on TV reminded markets of the political risks in Italy, and forced the lira down to a London close of £1.008 against the D-Mark from £1.001.

The lira's weakness came against a general background of D-Mark strength. Most currencies, however, traded in fairly narrow ranges and volumes were low as the market lethargy of the past few days persisted.

The dollar was slightly weaker ahead of the US Treasury's 10-year note auction following the disappointing three-year auction on Tuesday. The US currency closed at DM1.5745 from DM1.532 and Y101.55 from Y101.2.

Sterling lost nearly a pence against the stronger D-Mark to close at DM2.4253 from DM2.349. It was slightly firmer against the dollar compared to \$1.5392. The trade-weighted sterling index fell 79.3 from 79.4.

The background to the relative strength of the D-Mark is a spate of firmer growth figures recently which have led observers to conclude that the German interest rate cycle is now in the bottom it originally thought.

Mr Tim Stewart, currency strategist at Morgan Stanley in London, said of the weakness in the peseta, lira and krona: "The Bundesbank clearly lacks economic justification for a further monetary cut now." He added at Nikko Europe in London: "There will be a final round of cuts during September to 4 per cent."

There was fresh evidence to suggest for the lira's renewed strength. Mr Stewart attributed it to a dawning realisation that it was "fractured" nature of Italian politics. The market has now woken up to a lot of longer term buyers of Italian assets, who bought the political story, are now having their faith tested. The risk still is that they are not going to get the job done," he said.

Mr Stewart added: "In Germany, all money seems to be 5/5.1 per cent. Tuesday saw the Bundesbank allocated DM2.3bn in its weekly repo tender. The market had been hoping for a more generous allocation and was firms from 4.94/5.05 per cent before the tender."

IN OTHER CURRENCIES

Aug 10 E S

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-------------|--------|---------|-------|-------|----------|-----------|
| BELGIUM | 100.19 | -4.852 | 2.023 | 5.402 | 1,000 | 22,822 |
| Denmark | 100.24 | 10 | 6.888 | 2.835 | 1.057 | 26,655 |
| France | 100.18 | 10 | 2.916 | 1.217 | 2.360 | 20,635 |
| Germany | 100.20 | -0.005 | 3.045 | 2.945 | 1.055 | 10,000 |
| Iceland | 100.44 | -5.483 | 8.216 | 2.398 | 1 | 2,417 |
| Italy | 100.04 | -0.361 | 0.340 | 0.098 | 0.111 | 0.434 |
| Netherlands | 100.34 | -3.511 | 0.048 | 0.550 | 0.570 | 0.570 |
| Norway | 100.47 | -11.017 | 2.835 | 0.983 | 2.203 | 2.568 |
| Portugal | 100.28 | -3.878 | 3.388 | 0.685 | 0.410 | 0.907 |
| Spain | 100.27 | -4.788 | 4.505 | 0.505 | 1.223 | 1.385 |
| Sweden | 100.47 | -0.779 | 2.628 | 0.204 | 1.000 | 1.000 |
| Switzerland | 100.48 | -4.683 | 4.067 | 1.187 | 1.234 | 1.234 |
| UK | 100.19 | -6.957 | 6.309 | 2.426 | 1.011 | 2.725 |
| Canada | 100.52 | -4.521 | 3.347 | 1.148 | 0.478 | 0.478 |
| US | 100.35 | -6.212 | 5.386 | 1.575 | 0.656 | 1.198 |
| Japan | 100.30 | -6.141 | 5.333 | 1.587 | 1.083 | 1.083 |
| Ecu | 100.35 | -3.844 | 5.799 | 1.164 | 2.148 | 3.564 |

Yen per 1,000; Danish Krone, French Franc, Norwegian Krone, and Swedish Kroner per 100; Belgian Franc, Peseta, Lira and Peso per 100.

D-MARK FUTURES (MM) DM 125,000 per DM

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-----|--------|---------|---------|--------|----------|-----------|
| Sep | 0.6317 | -0.0345 | -0.0203 | 0.6265 | 0.6317 | 22,822 |
| Dec | 0.6353 | -0.0342 | -0.0204 | 0.6345 | 4,904 | 2,417 |
| Mar | 0.6363 | -0.0303 | -0.0203 | 0.6363 | 1,058 | |

SWISS FRANC FUTURES (MM) SF 125,000 per SF

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-----|--------|---------|--------|--------|----------|-----------|
| Sep | 0.7502 | -0.0001 | 0.7588 | 0.7578 | 1,000 | 1,000 |
| Dec | 0.7562 | -0.0002 | 0.7574 | 0.7552 | 61 | 1,690 |
| Mar | 0.7560 | -0.0001 | 0.7570 | 0.7550 | 24 | |

WORLD INTEREST RATES

MONEY RATES

| | One night | One month | One year | One day | One week | One month |
|-------------|-----------|-----------|----------|---------|----------|-----------|
| Belgium | 4.1% | 6% | 5.5% | 6% | 7.4% | - |
| Denmark | 10.0% | 10.2% | 10.5% | 10.5% | 10.5% | - |
| France | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Germany | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Ireland | 10.0% | 10.2% | 10.5% | 10.5% | 10.5% | - |
| Italy | 10.0% | 10.2% | 10.5% | 10.5% | 10.5% | - |
| Netherlands | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Spain | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Sweden | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Switzerland | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| UK | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Canada | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| US | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Japan | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |
| Ecu | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | - |

ECU Lunds D mid rates (MM) DM 100,000 per DM

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-----|--------|---------|---------|--------|----------|-----------|
| Sep | 0.6317 | -0.0345 | -0.0203 | 0.6265 | 0.6317 | 22,822 |
| Dec | 0.6353 | -0.0342 | -0.0204 | 0.6345 | 4,904 | 2,417 |
| Mar | 0.6363 | -0.0303 | -0.0203 | 0.6363 | 1,058 | |

ECU Lunds D mid rates (MM) SF 100,000 per SF

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-----|--------|---------|--------|--------|----------|-----------|
| Sep | 0.7502 | -0.0001 | 0.7588 | 0.7578 | 1,000 | 1,000 |
| Dec | 0.7562 | -0.0002 | 0.7574 | 0.7552 | 61 | 1,690 |
| Mar | 0.7560 | -0.0001 | 0.7570 | 0.7550 | 24 | |

ECU Lunds D mid rates (MM) DM 125,000 per DM

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-----|--------|---------|---------|--------|----------|-----------|
| Sep | 0.6317 | -0.0345 | -0.0203 | 0.6265 | 0.6317 | 22,822 |
| Dec | 0.6353 | -0.0342 | -0.0204 | 0.6345 | 4,904 | 2,417 |
| Mar | 0.6363 | -0.0303 | -0.0203 | 0.6363 | 1,058 | |

ECU Lunds D mid rates (MM) SF 125,000 per SF

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-----|--------|---------|--------|--------|----------|-----------|
| Sep | 0.7502 | -0.0001 | 0.7588 | 0.7578 | 1,000 | 1,000 |
| Dec | 0.7562 | -0.0002 | 0.7574 | 0.7552 | 61 | 1,690 |
| Mar | 0.7560 | -0.0001 | 0.7570 | 0.7550 | 24 | |

ECU Lunds D mid rates (MM) DM 100,000 per DM

| | Latest | Change | High | Low | Est. vol | Open Int. |
|-----|--------|---------|---------|--------|----------|-----------|
| Sep | 0.6317 | -0.0345 | -0.0203 | 0.6265 | 0.6317 | 22,822 |
| Dec | 0.6353 | -0.0342 | -0.0204 | 0.6345 | 4,904 | 2,417 |
| Mar | 0.6363 | -0.0303 | -0.0203 | 0.6363 | 1,058 | |

ECU Lunds D mid rates (MM) SF 100,000 per SF

| | Latest | Change | High | Low | Est. vol |
| --- | --- | --- | --- | --- | --- |

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

TECHNOLOGY THAT WORKS FOR LIFE

Samsung

4 Head Hi-Fi Stereo VCR

Jog & Shuttle
Auto Tracking

SAMSUNG

ELECTRONICS

Have

Finan

03m

NYSE COMPOSITE PRICES

.4 pm close August 10

AMEX COMPOSITE PRICES

Journal of Oral Rehabilitation

| Stock | P/ | 52w | | Div. | E | 100s | High | Low | Close | Chng | | Stock | P/ | 52w | | Div. | E | 100s | High | Low | Close | Chng | | Stock | P/ | 52w | | Div. | E | 100s | High | Low | Close | Chng | | Stock | P/ | 52w | | Div. | E | 100s | High | Low | Close | Chng | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------|------|-----|-----|------|-----|------|------|-----|-------|------|--|---------|------|-----|----|------|----|------|------|-----|-------|------|--|----------|------|-----|------|------|----|------|------|-----|-------|------|------|-------|--------|------|-----|------|-----|------|------|-----|-------|------|------|--|--------|------|---|-----|-----|-----|-----|-----|-----|-----|------|------|--------|--------|------|----|-----|-----|-----|-----|-----|-----|------|------|----------|----------|--------|------|----|----|-----|-----|-----|-----|------|------|---------|---------|------|----------|------|----|----|----|----|----|------|------|-----|------|------|----|---------|------|----|-----|----|----|------|------|------------|------------|------|------|----|-----|------|----|----|----|------|------|---------|---------|-----|----|------|----|------------|------|----|----|------|------|----------|----------|------|----|-----|------|-----|---------|-----|-----|------|------|----------|----------|------|----|----|----|------|----|----------|------|------|------|----------|----------|------|------|------|-----|-----|------|-----|----------|------|------|----------|----------|------|------|----|----|----|----|------|----|----------|------|--------|--------|------|-----|-----|-----|-----|-----|-----|------|------|----------|-----------|-----------|----|----|----|----|----|----|----|----|------|------|-----------|-----------|----|-----|-----|-----|-----|-----|-----|-----|------|------|---------|-----------|----|----|----|----|----|----|----|----|------|------|----------|----------|-----------|----|----|-----|-----|-----|-----|-----|------|------|--------------|--------------|----|---------|----|----|----|----|----|----|------|------|-----------|-----------|------|----|----------|----|----|----|----|----|------|------|------------|------------|-----|------|-----|--------------|-----|-----|-----|-----|------|------|------------|------------|----|-----|------|-----|-----------|-----|-----|-----|------|------|-----------|-----------|----|----|----|------|--|------------|-----|---|-----|-----|------------|------------|-----|-----|-----|-----|------|-----|------------|-----|------|------|---------|---------|------|-----|-----|-----|-----|------|-----|-----------|------|------|----------|----------|------|----|----|----|----|----|----|----|------------|------|-------|-------|-----|-----|-----|-----|-----|-----|-----|------|--|---------|--------|--------|----|-----|-----|-----|-----|-----|-----|-----|------|------|-----------|-----------|----|----|----|----|----|----|----|----|------|------|---------|---------|----|----|----|----|----|----|----|----|------|------|--------|--------|------|------|------|-----|-----|-----|-----|-----|------|------|------------|------------|-----------|----|----|----|----|----|----|----|------|------|------------|------------|-----|---------|----|----|----|----|----|----|------|------|-----|-----|------|----|--------|------|----|------|-----|-----|------|------|--------|--------|-----|------|-----|------------|------|-----|-----|-----|------|------|---------|---------|------|-----|------|-----|------------|-----|-----|-----|------|------|----------|----------|-----|-----|-----|------|-----|-----|-----|-----|------|------|---------|---------|------|-----|-----|-----|------|-----|--------|-----|------|------|------|------|------|-----|-----|-----|-----|------|----|---------|------|------|--------|--------|------|-----|-----|-----|-----|-----|------|-----|----------|------|----|-----|-----|-----|-----|-----|-----|-----|-----|------|--|---------|------|----|-----|-----|-----|-----|-----|-----|-----|-----|------|--|------|------|----|----|----|----|----|----|----|----|----|------|--|--------|------|----|-----|-----|-----|-----|-----|-----|-----|-----|------|--|
| Aer Magn | 5.62 | 86 | 155 | 144 | 154 | 154 | 154 | 144 | 154 | +7.6 | | Cominco | 0.30 | 100 | 19 | 181 | 16 | 16 | 16 | 16 | 16 | -1.2 | | Hastings | 0.28 | 13 | 2370 | 305 | 36 | 305 | 305 | 305 | 305 | 305 | -1.2 | | Oticon | 0.44 | 240 | 267 | 331 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Patent | 0.40 | 8 | 560 | 125 | 135 | 135 | 135 | 135 | 135 | 135 | -1.2 | | Petrol | 0.80 | 42 | 64 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | -1.2 | | Pfizer | 1.04 | 9 | 18 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | -1.2 | | Pharmacy | 0.50 | 19 | 18 | 67 | 65 | 65 | 65 | 65 | 65 | 65 | -1.2 | | Fly Gym | 0.12 | 23 | 162 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | -1.2 | | PNC | 0.92 | 17 | 25 | 10 | 19 | 19 | 19 | 19 | 19 | 19 | -1.2 | | Prudential | 1.10 | 1 | 72 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | -1.2 | | ReedMid | 3.3 | 8 | 21 | 30 | 30 | 31 | 31 | 31 | 31 | 31 | -1.2 | | RHM Corp | 2.10 | 9 | 10 | 351 | 351 | 351 | 351 | 351 | 351 | 351 | -1.2 | | SJM Corp | 2.10 | 16 | 10 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | -1.2 | | Symantec | 0.05 | 15 | 2122 | 185 | 177 | 177 | 177 | 177 | 177 | 177 | -1.2 | | Tel Bell | 4 | 1032 | 54 | 54 | 42 | 54 | 54 | 54 | 54 | 54 | -1.2 | | Kabush | 2.20 | 12 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | -1.2 | | Karen Cpl | 20 | 31 | 41 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | -1.2 | | Kerry Eng | 19 | 22 | 175 | 155 | 155 | 155 | 155 | 155 | 155 | 155 | -1.2 | | KopYard | 21 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | -1.2 | | Lubrizol | 8 | 31 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | -1.2 | | Lubrizol Ind | 17 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | -1.2 | | Laser Ind | 5 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | -1.2 | | Lesi Pharm | 177 | 6 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | -1.2 | | Lionex Inc | 8 | 12 | 204 | 204 | 204 | 204 | 204 | 204 | 204 | 204 | -1.2 | | Lynch Cpl | | | | | | | | | | | | | Mitsubishi | 4 | 31 | 325 | 325 | 325 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Model A | 0.44 | 4 | 31 | 325 | 325 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Motor Co | 0.20 | 7 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | -1.2 | | MWHld | | | | | | | | | | | | Moog A | 14 | 14 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | -1.2 | | MWST Expl | 68 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | -1.2 | | NetPort | 6 | 55 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | -1.2 | | NY Tim | 0.53 | 40 | 2340 | 241 | 241 | 241 | 241 | 241 | 241 | 241 | -1.2 | | NorthCoast | 0.20 | 10 | 78 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | -1.2 | | NorthCoast | 115 | 7 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | -1.2 | | NRG | 9 | 10 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | -1.2 | | Viscom | 14 | 85 | 405 | 364 | 364 | 364 | 364 | 364 | 364 | 364 | -1.2 | | Vivendi | 0.63 | 33 | 365 | 365 | 365 | 365 | 365 | 365 | 365 | 365 | -1.2 | | WestBanc | 3.1 | 20 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | -1.2 | | Westpac | 0.60 | 24 | 312 | 285 | 285 | 285 | 285 | 285 | 285 | 285 | -1.2 | | WFET | 1.12 | 18 | 73 | 14 | 13 | 13 | 13 | 13 | 13 | 13 | -1.2 | | Worley | 0.80 | 14 | 347 | 315 | 315 | 315 | 315 | 315 | 315 | 315 | -1.2 | |
| Aero Magn | 5.62 | 86 | 155 | 144 | 154 | 154 | 154 | 144 | 154 | +7.6 | | Cominco | 0.30 | 100 | 19 | 181 | 16 | 16 | 16 | 16 | 16 | -1.2 | | Hastings | 0.28 | 13 | 2370 | 305 | 36 | 305 | 305 | 305 | 305 | 305 | -1.2 | | Oticon | 0.44 | 240 | 267 | 331 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Patent | 0.40 | 8 | 560 | 125 | 135 | 135 | 135 | 135 | 135 | 135 | -1.2 | | Pfizer | 1.04 | 9 | 18 | 175 | 175 | 175 | 175 | 175 | 175 | -1.2 | | Pharmacy | 0.50 | 19 | 18 | 67 | 65 | 65 | 65 | 65 | 65 | -1.2 | | Fly Gym | 0.12 | 23 | 162 | 35 | 35 | 35 | 35 | 35 | 35 | -1.2 | | PNC | 0.92 | 17 | 25 | 10 | 19 | 19 | 19 | 19 | 19 | -1.2 | | Prudential | 1.10 | 1 | 72 | 15 | 15 | 15 | 15 | 15 | 15 | -1.2 | | ReedMid | 3.3 | 8 | 21 | 30 | 30 | 31 | 31 | 31 | 31 | -1.2 | | RHM Corp | 2.10 | 9 | 10 | 351 | 351 | 351 | 351 | 351 | 351 | -1.2 | | SJM Corp | 2.10 | 16 | 10 | 18 | 18 | 18 | 18 | 18 | 18 | -1.2 | | Symantec | 0.05 | 15 | 2122 | 185 | 177 | 177 | 177 | 177 | 177 | -1.2 | | Tel Bell | 4 | 1032 | 54 | 54 | 42 | 54 | 54 | 54 | 54 | -1.2 | | Kabush | 2.20 | 12 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | -1.2 | | Karen Cpl | 20 | 31 | 41 | 44 | 44 | 44 | 44 | 44 | 44 | -1.2 | | Kerry Eng | 19 | 22 | 175 | 155 | 155 | 155 | 155 | 155 | 155 | -1.2 | | KopYard | 21 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | -1.2 | | Lubrizol | 8 | 31 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | -1.2 | | Lubrizol Ind | 17 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | -1.2 | | Laser Ind | 5 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | -1.2 | | Lesi Pharm | 177 | 6 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | -1.2 | | Lionex Inc | 8 | 12 | 204 | 204 | 204 | 204 | 204 | 204 | 204 | -1.2 | | Lynch Cpl | | | | | | | | | | | | Mitsubishi | 4 | 31 | 325 | 325 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Model A | 0.44 | 4 | 31 | 325 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Motor Co | 0.20 | 7 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | -1.2 | | MWHld | | | | | | | | | | | | Moog A | 14 | 14 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | -1.2 | | MWST Expl | 68 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | -1.2 | | NetPort | 6 | 55 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | -1.2 | | NY Tim | 0.53 | 40 | 2340 | 241 | 241 | 241 | 241 | 241 | 241 | -1.2 | | NorthCoast | 0.20 | 10 | 78 | 67 | 67 | 67 | 67 | 67 | 67 | -1.2 | | NorthCoast | 115 | 7 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | -1.2 | | NRG | 9 | 10 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | -1.2 | | Viscom | 14 | 85 | 405 | 364 | 364 | 364 | 364 | 364 | 364 | -1.2 | | Vivendi | 0.63 | 33 | 365 | 365 | 365 | 365 | 365 | 365 | 365 | -1.2 | | WestBanc | 3.1 | 20 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | -1.2 | | Westpac | 0.60 | 24 | 312 | 285 | 285 | 285 | 285 | 285 | 285 | -1.2 | | WFET | 1.12 | 18 | 73 | 14 | 13 | 13 | 13 | 13 | 13 | -1.2 | | Worley | 0.80 | 14 | 347 | 315 | 315 | 315 | 315 | 315 | 315 | -1.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alcan Inc | 3.3 | 35 | 15 | 14 | 14 | 14 | 14 | 14 | 14 | -1.2 | | Cominco | 0.30 | 100 | 19 | 181 | 16 | 16 | 16 | 16 | 16 | -1.2 | | Hastings | 0.28 | 13 | 2370 | 305 | 36 | 305 | 305 | 305 | 305 | 305 | -1.2 | | Oticon | 0.44 | 240 | 267 | 331 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Patent | 0.40 | 8 | 560 | 125 | 135 | 135 | 135 | 135 | 135 | -1.2 | | Pfizer | 1.04 | 9 | 18 | 175 | 175 | 175 | 175 | 175 | 175 | -1.2 | | Pharmacy | 0.50 | 19 | 18 | 67 | 65 | 65 | 65 | 65 | 65 | -1.2 | | Fly Gym | 0.12 | 23 | 162 | 35 | 35 | 35 | 35 | 35 | 35 | -1.2 | | PNC | 0.92 | 17 | 25 | 10 | 19 | 19 | 19 | 19 | 19 | -1.2 | | Prudential | 1.10 | 1 | 72 | 15 | 15 | 15 | 15 | 15 | 15 | -1.2 | | ReedMid | 3.3 | 8 | 21 | 30 | 30 | 31 | 31 | 31 | 31 | -1.2 | | RHM Corp | 2.10 | 9 | 10 | 351 | 351 | 351 | 351 | 351 | 351 | -1.2 | | SJM Corp | 2.10 | 16 | 10 | 18 | 18 | 18 | 18 | 18 | 18 | -1.2 | | Symantec | 0.05 | 15 | 2122 | 185 | 177 | 177 | 177 | 177 | 177 | -1.2 | | Tel Bell | 4 | 1032 | 54 | 54 | 42 | 54 | 54 | 54 | 54 | -1.2 | | Kabush | 2.20 | 12 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | -1.2 | | Karen Cpl | 20 | 31 | 41 | 44 | 44 | 44 | 44 | 44 | 44 | -1.2 | | Kerry Eng | 19 | 22 | 175 | 155 | 155 | 155 | 155 | 155 | 155 | -1.2 | | KopYard | 21 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | -1.2 | | Lubrizol | 8 | 31 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | -1.2 | | Lubrizol Ind | 17 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | -1.2 | | Laser Ind | 5 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | -1.2 | | Lesi Pharm | 177 | 6 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | -1.2 | | Lionex Inc | 8 | 12 | 204 | 204 | 204 | 204 | 204 | 204 | 204 | -1.2 | | Lynch Cpl | | | | | | | | | | | | Mitsubishi | 4 | 31 | 325 | 325 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Model A | 0.44 | 4 | 31 | 325 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Motor Co | 0.20 | 7 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | -1.2 | | MWHld | | | | | | | | | | | | Moog A | 14 | 14 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | -1.2 | | MWST Expl | 68 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | 85 | -1.2 | | NetPort | 6 | 55 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | -1.2 | | NY Tim | 0.53 | 40 | 2340 | 241 | 241 | 241 | 241 | 241 | 241 | -1.2 | | NorthCoast | 0.20 | 10 | 78 | 67 | 67 | 67 | 67 | 67 | 67 | -1.2 | | NorthCoast | 115 | 7 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | -1.2 | | NRG | 9 | 10 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | -1.2 | | Viscom | 14 | 85 | 405 | 364 | 364 | 364 | 364 | 364 | 364 | -1.2 | | Vivendi | 0.63 | 33 | 365 | 365 | 365 | 365 | 365 | 365 | 365 | -1.2 | | WestBanc | 3.1 | 20 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | -1.2 | | Westpac | 0.60 | 24 | 312 | 285 | 285 | 285 | 285 | 285 | 285 | -1.2 | | WFET | 1.12 | 18 | 73 | 14 | 13 | 13 | 13 | 13 | 13 | -1.2 | | Worley | 0.80 | 14 | 347 | 315 | 315 | 315 | 315 | 315 | 315 | -1.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alstom | 0.20 | 14 | 12 | 25 | 25 | 25 | 25 | 25 | 25 | -1.2 | | Cominco | 0.30 | 100 | 19 | 181 | 16 | 16 | 16 | 16 | 16 | -1.2 | | Hastings | 0.28 | 13 | 2370 | 305 | 36 | 305 | 305 | 305 | 305 | 305 | -1.2 | | Oticon | 0.44 | 240 | 267 | 331 | 325 | 325 | 325 | 325 | 325 | -1.2 | | Patent | 0.40 | 8 | 560 | 125 | 135 | 135 | 135 | 135 | 135 | -1.2 | | Pfizer | 1.04</ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**Have your FT hand delivered in
Canada.**

Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.
Next delivery services are available for all subscribers in the business centres of

Hand delivery services are available from subsidiaries in the business centres of Gothenburg, Lund, Malmö and Stockholm (including Djursholm, Danderyd and Stocksund).

Please call (08) 791 23 45 for more information.

Financial Times. Europe's Business Newspaper.

NASDAQ NATIONAL MARKET

4 pm close August 70

AMERICA

Program buying helps Dow to modest rise

Wall Street

Computerised program buying helped US share prices post modest gains across the board yesterday morning, although many participants remained on the sidelines waiting to see how the bond market would react to the important afternoon auction of new government securities, writes Patrick Hosking in New York.

By 1pm, the Dow Jones Industrial Average was 13.58 higher at 3,769.35. The more broadly based Standard & Poor's 500 was also moderately firmer at the halfway mark, up 1.85 at 253.92, while the American Stock Exchange composite moved forward 1.27 to 443.49 and the Nasdaq composite added 4.18 at 726.79.

Trading volume on the New York SE came to 157m shares by 1pm.

As during the first two days of the week, there was little interest in buying stocks among retail investors at the opening yesterday, primarily because they were waiting for a lead from the bond market, which was in the middle of digesting billions of dollars of new government securities.

The second leg of the Treasury's quarterly refunding round - the sale of \$12bn in 10-year notes - was due during the afternoon, and bond prices were subdued ahead of the auction. Share prices were also little changed, although later in the morning some selected program buying helped stocks to edge higher.

Investors were also reluctant to commit funds to the market because of the impending inflation news.

Analysts worry as South Africa climbs

Johannesburg closed sharply higher once again, although analysts detected a conflict between the bullish sentiment and the feeling that price gains were outstripping strength in underlying economic fundamentals amid a lack of quality stocks. The market, they noted, was drawing in retail buyers, looking to take advantage of this week's major rally.

The overall index was up 96 at 5,918, a closing high, the industrial index by 39 at 6,694

and the golds index by 65 at 2,222. Analysts said the weaker commercial and financial ranks, a firmer bullion price and mostly steady world equities had offered support, export-oriented shares posting the biggest gains.

Gencom jumped 90 cents to R12.80 in steady trade as it shrugged off recent lethargy which followed sharp gains ahead of its Billiton purchase. Joel was out of steam after its recent bullion run, slipping 10 cents to R7.15.

The overall index was up 96 at 5,918, a closing high, the industrial index by 39 at 6,694

| Market | No. of stocks | Dollar terms | | | Local currency terms | | | Market | No. of stocks | Dollar terms | | | Local currency terms | | |
|----------------------------|---------------|---------------|--------------------|---------------------|----------------------|--------------------|---------------------|--------|---------------|---------------|--------------------|---------------------|----------------------|--------------------|---------------------|
| | | August 5 1994 | % Change over week | % Change on Dec '93 | August 5 1994 | % Change over week | % Change on Dec '93 | | | August 5 1994 | % Change over week | % Change on Dec '93 | August 5 1994 | % Change over week | % Change on Dec '93 |
| Latin America | (209) | 895.47 | +8.5 | +6.9 | 558,821.19 | +1.6 | -8.4 | | | 111.01 | +5.4 | -32.4 | | | |
| Argentina | (26) | 910.69 | +1.6 | -8.4 | 558,821.19 | +1.6 | -8.4 | | | 111.01 | +5.4 | -32.4 | | | |
| Brazil | (57) | 340.79 | +17.1 | +4.6 | 1,182,367,043 | +5.8 | +104.4 | | | 184.23 | +12.0 | +10.0 | | | |
| Chile | (26) | 670.14 | +4.7 | +21.4 | 1,128,04 | +4.1 | +18.4 | | | 184.23 | +12.0 | +10.0 | | | |
| Colombia ¹ | (11) | 965.40 | +0.7 | +50.2 | 1,297.03 | +0.5 | +50.7 | | | 184.23 | +12.0 | +10.0 | | | |
| Mexico | (68) | 947.41 | +5.9 | -5.9 | 1,380.36 | +6.2 | +23.3 | | | 184.23 | +12.0 | +10.0 | | | |
| Peru ² | (11) | 144.83 | +5.0 | +19.8 | 194.47 | +6.0 | +22.3 | | | 184.23 | +12.0 | +10.0 | | | |
| Venezuela ² | (12) | 480.67 | +3.7 | -18.8 | 1,878.48 | +3.7 | +32.2 | | | 184.23 | +12.0 | +10.0 | | | |
| Asia | (567) | 284.86 | +5.4 | -9.1 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| China ³ | (18) | 102.04 | +5.5 | -31.6 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| South Korea ⁴ | (156) | 125.02 | +0.7 | +8.3 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Philippines | (18) | 298.13 | +3.9 | -12.4 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Taiwan, China ⁵ | (50) | 156.10 | +1.9 | +15.5 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| India ⁶ | (78) | 138.84 | +2.2 | +17.5 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Indonesia ⁷ | (37) | 102.05 | +6.8 | -18.1 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Malaysia ⁸ | (105) | 285.16 | +7.4 | -12.9 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Pakistan ⁹ | (16) | 301.01 | +0.5 | +0.5 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Sri Lanka ¹⁰ | (5) | 151.17 | -0.2 | +2.6 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Thailand | (55) | 405.27 | +3.8 | -15.1 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Euro/Mid East | (125) | 118.64 | +3.8 | -29.9 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Greece | (26) | 233.85 | +8.2 | +2.7 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Hungary ¹¹ | (5) | 181.20 | -3.3 | +8.7 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Jordan | (13) | 163.05 | +0.1 | -1.5 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Poland ¹² | (12) | 722.24 | +8.2 | -11.7 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Portugal | (25) | 124.52 | +7.0 | +8.4 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Turkey ¹³ | (40) | 110.67 | -0.2 | -7.9 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Zimbabwe ¹⁴ | (5) | 246.18 | +2.1 | +21.8 | | | | | | 184.23 | +12.0 | +10.0 | | | |
| Composite | (881) | 343.40 | +8.7 | -3.5 | | | | | | 184.23 | +12.0 | +10.0 | | | |

Indices are calculated on end-of-week, and weekly changes are percentage movements from the previous Friday. Base date: Dec 1988=100 except those noted which are: Jan 1 1991 (C)Dec 31 1992 (S)Jan 5 1993 (M)Jan 21 1992 (T)Jan 2 1992 (U)Jan 1 1992 (V)Dec 2 1992 (W)Sep 2 1992 (X)Mar 1 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 31 1992 (N)Dec 31 1992 (O)Dec 31 1992 (P)Dec 31 1992 (Q)Dec 31 1992 (R)Dec 31 1992 (S)Dec 31 1992 (T)Dec 31 1992 (U)Dec 31 1992 (V)Dec 31 1992 (W)Dec 31 1992 (X)Dec 31 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 31 1992 (N)Dec 31 1992 (O)Dec 31 1992 (P)Dec 31 1992 (Q)Dec 31 1992 (R)Dec 31 1992 (S)Dec 31 1992 (T)Dec 31 1992 (U)Dec 31 1992 (V)Dec 31 1992 (W)Dec 31 1992 (X)Dec 31 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 31 1992 (N)Dec 31 1992 (O)Dec 31 1992 (P)Dec 31 1992 (Q)Dec 31 1992 (R)Dec 31 1992 (S)Dec 31 1992 (T)Dec 31 1992 (U)Dec 31 1992 (V)Dec 31 1992 (W)Dec 31 1992 (X)Dec 31 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 31 1992 (N)Dec 31 1992 (O)Dec 31 1992 (P)Dec 31 1992 (Q)Dec 31 1992 (R)Dec 31 1992 (S)Dec 31 1992 (T)Dec 31 1992 (U)Dec 31 1992 (V)Dec 31 1992 (W)Dec 31 1992 (X)Dec 31 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 31 1992 (N)Dec 31 1992 (O)Dec 31 1992 (P)Dec 31 1992 (Q)Dec 31 1992 (R)Dec 31 1992 (S)Dec 31 1992 (T)Dec 31 1992 (U)Dec 31 1992 (V)Dec 31 1992 (W)Dec 31 1992 (X)Dec 31 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 31 1992 (N)Dec 31 1992 (O)Dec 31 1992 (P)Dec 31 1992 (Q)Dec 31 1992 (R)Dec 31 1992 (S)Dec 31 1992 (T)Dec 31 1992 (U)Dec 31 1992 (V)Dec 31 1992 (W)Dec 31 1992 (X)Dec 31 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 31 1992 (N)Dec 31 1992 (O)Dec 31 1992 (P)Dec 31 1992 (Q)Dec 31 1992 (R)Dec 31 1992 (S)Dec 31 1992 (T)Dec 31 1992 (U)Dec 31 1992 (V)Dec 31 1992 (W)Dec 31 1992 (X)Dec 31 1992 (Y)Dec 31 1992 (Z)Dec 31 1992 (A)Dec 31 1992 (B)Dec 31 1992 (C)Dec 31 1992 (D)Dec 31 1992 (E)Dec 31 1992 (F)Dec 31 1992 (G)Dec 31 1992 (H)Dec 31 1992 (I)Dec 31 1992 (J)Dec 31 1992 (K)Dec 31 1992 (L)Dec 31 1992 (M)Dec 3